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THE PERSIAN GULF CRISIS AND THE AFRICAN ECONOMIES

91-62

I. INTRODUCTION

1. The crisis in the Persian Gulf, which erupted on 2 August 1990 as a result of the invasion and annexation of Kuwait by Iraq, and intensified with the United Nations blockade and imposition of economic sanctions on Iraq and occupied Kuwait, amounted to a serious and profound shock to the world economy. It heralded for Africa the third energy shock in recent history and, short in duration as this particular energy shock has turned out to be, given the dramatic reversal in the escalation of oil prices with the onset of war in the Persian Gulf as from 17 January 1991, it has underscored once again the extreme vulnerability of the African region and the stark reality that, as a region, Africa has remained as unprepared and as unadapted as it was during the two previous shocks in 1974 and 1979, in responding to and coping with energy crunches and crises.

2. The consequences of the Persian Gulf crisis and the war that culminated from it went however beyond the disruptive impact of an energy shock insofar as the African countries are concerned. It had far-reaching socio-economic consequences that many African countries, already beset with myriads of problems, have additionally had to cope with and are still coping with. Both the crisis and the war have had a particularly negative and telling impact on the ailing and fragile African economies during the second half of 1990, as it did have on the economies of the other regions of the world, but its full ramifications and repercussions may as yet be difficult to accurately gauge even now that military conflict and warfare have ceased, let alone the medium- and long-term impact

3. This preliminary assessment of the economic impact and consequences of the Persian Gulf crisis and war, and the evolving events associated with their aftermath, insofar as Africa is concerned, is based on preliminary data and will need therefore to be revised continuously. The particular dimensions highlighted in the paper relate to trade (imports and exports), resource flows, the labour market, output growth and price trends, and the policy implications of the crisis and post-war developments for Africa.

II. THE IMMEDIATE IMPACT AND CONSEQUENCES

A. Higher oil prices and supply difficulties

4. One of the most immediate and direct consequences of the Persian Gulf crisis was a petroleum price bubble, spanning the entire duration of the crisis and up to the start of actual military conflict, and the disruption in oil supplies to countries, such as those of Eastern and Southern Africa, that traditionally depended on Iraq and Kuwait and the Persian Gulf region in general for oil. In particular, the escalation of oil prices and their increased volatility have adversely affected the balance of payments of non-oil producing African countries even though the lot of the oil exporters on the continent improved somehow, albeit only temporarily. The oil exporters gained financially while the oil importers lost and had their hopes of economic recovery almost derailed. It was a zero-sum game while the bubble lasted, involving, in part, some partial redistribution of real income as between oil producers and consumers rather than a straightforward accretion to the overall regional income all the way.

5. The trend in crude oil prices, which were generally weak for the first half of the year, took a sharp turn following the onset of the Persian Gulf crisis. Between January and June 1990, oil prices had fallen steadily from $US 20 a barrel to $US 16 a barrel. And even the OPEC meeting of 27 July 1990 that had introduced new quotas aimed at setting a new reference price of $US 20 a barrel could not stem the tide. But the threat of war in the Persian Gulf, the imposition of the United Nations embargo on trade with Iraq and occupied Kuwait, and the sudden removal from the market of the combined Iraqi and Kuwaiti oil production (which represented some 20 per cent of total OPEC supplies) sent oil prices climbing fast. Prices quickly reached $US 40 a barrel, thereafter fluctuating widely and nervously, depending on the uncertainties of petroleum supplies from the Persian Gulf and the perceived prospects for armed conflict or peaceful resolution of the crisis. Overall, the price escalation accounted for an average of about $US 35 a barrel in October 1990, and, for the whole year, some $US 23.7 a barrel or a third more than the average price for

oil in 1989. It was not until the beginning of 1991 that oil prices actually started falling and have continued to fall ever since, to less than $US 20 a barrel.

6. For Africa's petroleum net-exporting countries (Algeria, Angola, Cameroon, the Congo, Egypt, Gabon, the Libyan Arab Jamahiriya, Nigeria and Tunisia), the Persian Gulf crisis provided an unexpected but welcome windfall of increased foreign exchange earnings. Aggregate petroleum production by African countries is reckoned to have reached about 324 million tons in 1990, of which about 210 million tons were exported. On the basis of quotas set by OPEC after the United Nations embargo on Iraq and Kuwait, petroleum production in Nigeria rose from an average 1.7 million b/d in 1989 to almost 2 million b/d in 1990 while in the Libyan Arab Jamahiriya, the estimated petroleum output in 1990 was about 1.5 million b/d compared to 1.3 million b/d earlier in the year or 1.1 million b/d in 1989. Given the average price of $US 23.69 per barrel for 1990, gross revenues from petroleum exports for the year would have reached about $US 35.8 billion in the African oil-exporting countries, some 30 per cent or $US 10 billion more than in 1989. It must be admitted however that the estimate of revenue boosts accounted for by petroleum export earnings in 1990 is necessarily mechanistic as it takes no cognizance of the likely impact of forward contracts or increased sales at concessionary prices, and is therefore likely to contain elements of overvaluation.

7. But, whatever the exact magnitude of the windfall, it could hardly have been foreseen by the African petroleum exporters who, for the most part prior to the outbreak of the crisis, had generally predicated their 1990 budget estimates on petroleum prices at no higher than $US 15 a barrel. It certainly brought some measure of relief to the balance-of-payments pressures and import constraints in countries such as Algeria and Nigeria which at the same time laboured under severe external debt-service burden, even though creditors generally became more insistent, with the advent of the short-lived mini "oil boom", on more ample servicing of debts by the oil exporters.

8. While the African petroleum net-exporting countries invariably benefitted from the petroleum price and production bubble associated with the crisis in the Persian Gulf, the 42 petroleum net importing African countries were unmitigated losers; and their financial losses, as measured by the additional cost of importing oil, must perforce be written off against the extra earnings of Africa's oil exporters. With no significant hydro-electric power potential or coal deposits in many of the petroleum-importing countries, petroleum is the primary source of commercial energy consumption, accounting for at least 60 per cent in most countries, and extremely vital to the industrial, mining and transport sectors. Thus, the petroleum-importing African countries had to absorb the full impact of the surge in petroleum prices as well as the uncertainties of supplies during the Persian Gulf crisis. These countries, altogether, import only about 0.5 million barrels of petroleum per day, but modest as such a requirement is by international standards, it already accounts for about 20 per cent of the annual import bill for countries such as Ethiopia, Kenya, the United Republic of Tanzania, Rwanda, the Sudan, to mention a few. As a consequence of the Persian Gulf crisis, the petroleum import bill of this group of countries soared in 1990 to about $US 9.5 billion, which is $US 2.7 billion or 32 per cent more than in 1989 and the equivalent of 2 per cent of GDP. What the Persian Gulf crisis has forcefully demonstrated is the extreme vulnerability of the oil market which African oil-importing countries depend principally upon for energy. Faced with a crunching fuel shortage, many of these countries, already crippled with a debt crisis, had to resort to severe rationing in the sale of petroleum fuels in order to prevent general economic life grinding to a halt.

9. Even before the Persian Gulf crisis, fuel supplies in the petroleum-importing countries in sub-Saharan Africa were already the most costly in the developing world because of inefficient refining and the chronic lack of foreign exchange which forces them to procure petroleum in small batches, often after being refined elsewhere. This allowed little scope for bargaining on world markets. Also, the fact that these countries tended to be less diversified in their petroleum sourcing made them dangerously vulnerable in the event of disruption of supplies. This was exactly the situation with many African countries especially those in Southern and Eastern Africa, which had concessional long-term contracts with countries of the Persian Gulf, especially Kuwait and Iraq, for the bulk of their petroleum supplies. Following the invasion of Kuwait and

the subsequent imposition of economic sanctions, these countries had to resort to the spot market at prices that were much higher than stipulated in their long-term supply contracts. To crown it all, in most petroleum net-importing African countries inefficient ports, bad roads, unreliable railways and inadequate commercial distribution networks make oil deliveries expensive and unreliable. Thus, in these countries, the advent of the Persian Gulf crisis saw the birth of a new and equally debilitating crisis in the form of an energy crunch which the African oil-importing countries had to adjust to in terms of higher energy prices and increased uncertainties in the supply of oil and oil by-products. Given the limited scope for oil substitution and for reduction of oil consumption per unit of output in the short term, and the noticeable trend of increasing oil intensity in GDP in the 1980s, the increase in oil prices imposed an enormous pressure on the current account of the balance of payments and additionally translated into lower industrial growth and higher inflation rates in these countries. Since many countries had little or no choice but to pass on to the consumers the additional cost of importing oil, transport costs increased generally, translating directly into higher prices for food and other commodities. These inflationary tendencies, in turn, intensified the trend towards deflationary policies in many countries, with the real growth in public and private consumption slowing down.

10. Perhaps the most severely adversely affected are the 29 African least developed countries, especially the land locked and remotely placed and isolated among them. Dependent often on poor roads and ill-equipped transportation networks for their import-export trade, and without buffer stocks of petroleum or petroleum refinery or hydro-electric generating capacity or coal, some of these countries have experienced as much as 100 per cent or more increase in petroleum prices as a result of the Persian Gulf crisis, with consequent steep increases in other prices and the costs of inputs.

B. Impact on trade and finance

11. The impact of the Persian Gulf crisis on Africa's trade should not just be perceived in the narrow context of oil exports and imports. The combination of higher prices for oil and for manufactured imports, and weaker prices for non-fuel commodity exports produced a big balance-of-payments disequilibrium for the oil-importing African countries and impaired further their capacity to service their debt. Resource flows to African countries, remittances from expatriate migrant workers in the Persian Gulf and the importance of the Suez Canal for the import-export trade of the Middle Eastern countries are additional aspects that would have to be considered, especially insofar as countries of North Africa are concerned.

12. African exports to the Middle East amounted to $US 1.3 billion in 1989, of which 72 per cent was accounted for by North Africa and the remaining 28 per cent by sub-Saharan Africa. The corresponding African imports, on the other hand, totalled about $US 3.1 billion, of which North Africa accounted for roughly 37 per cent while sub-Saharan Africa accounted for the remaining 63 per cent. All this trade, involving export of light manufactures and consumer goods from North Africa, and the import of oil and oil by-products, was substantially disrupted by the crisis in the Persian Gulf, creating uncertainties in supplies. Moroccan firms are estimated to have lost about $US 100 million worth of orders from Iraq and Kuwait as a result of the economic sanctions imposed on Kuwait and Iraq. The tensions and climate of uncertainty were such that foreign exchange earnings from tourism were adversely affected in many North African countries. Fear of terrorist attacks and of sabotage resulted roughly in a 60 per cent reduction in tourist vacations in Egypt during the crisis, bringing about an estimated loss of $US 500 million for the period from 2 August 1990 to 31 December 1990. Losses from reductions in vessels and freight passing through the Suez Canal, one of the three pillars of the Egyptian economy, is estimated to have reached about $US 200 million up to December 1990. Also, as a consequence of the United Nations embargo against Iraq and Kuwait, it is estimated that Egyptian companies incurred losses in trade opportunities worth about US$ 500 million. The tourist industry in Morocco, which is a major foreign exchange earner for the country, was estimated to have suffered close to 50 per cent reduction in business volume as a direct result of the crisis. Additionally, sub-Saharan African countries such as Kenya, Mauritius, Seychelles, Comoros and the

United Republic of Tanzania are estimated also to have incurred substantial losses as a result of up to 40 per cent reductions in tourist bookings brought about by the Persian Gulf crisis.

13. Countries of North Africa and the Sudan, with large expatriate labour in the Persian Gulf, have suffered in addition from the repatriation of their nationals previously working in Iraq and Kuwait, and have had to face up to the huge costs of relocation or rehabilitation of repatriated workers. For Egypt alone, it has been estimated that some $US 4.7 billion would be required in resettling the 600,000 migrant workers returning from Iraq and Kuwait, although it is possible that some of these might be re-absorbed in liberated Kuwait and some other countries in the Persian Gulf. The Sudan lost a substantial portion of its estimated $US 150 million of workers' remittances from the Persian Gulf region as a result of the crisis.

14. The crisis also halted the flow of money from North African and Sudanese migrant workers in Kuwait and Iraq. According to some estimates, workers' remittances to Egypt amounted to $US 4.2 billion in 1988-1989 alone; but this plummeted to $US 1.8 billion in 1990 as a result of the Persian Gulf crisis. The exodus of Sudanese and Moroccan workers from Iraq and Kuwait is estimated to have reduced the foreign exchange earnings of each of these two countries by about 10 to 20 per cent.

15. Some African countries were hit by the loss of aid and resource flows from the Middle East. The loss of Kuwaiti investment was of particular concern to the countries of North Africa and a few other sub-Saharan African countries, although there was, at the same time, some increased financial assistance from Saudi Arabia to Egypt.

C. Impact on growth

16. The substantial rise in oil prices in the last two quarters of 1990 had, no doubt, a positive effect on the incomes and growth prospects of the oil-exporting African countries. In addition to boosting government revenues, the impact of the higher levels of petroleum production and their associated effects were such that an improved growth performance in GDP was recorded in the petroleum-exporting countries. Indeed, the Persian Gulf crisis may have spurred GDP growth by as much as 2 per cent in the African oil-exporting countries in 1990.

17. Even without the higher petroleum prices associated with the Persian Gulf crisis, the petroleum net-importing countries in Africa were already experiencing severe external payments difficulties. On account of stagnation in their exports of primary commodities, falling commodity prices and demand, these countries were already suffering from declining capacity to finance imports. Indeed, their acute financial difficulties will have to be seen in the context of already severe external debt-servicing obligations, stagnant official development assistance (ODA), and overall lack of resources for sustaining programmes of reform and socio-economic transformation. The reduction in the level of imports, including vital capital goods, spares and intermediate inputs, and the escalation of domestic inflation, as a result of the surge in petroleum prices, may have translated directly into a decline in economic activity of the order of 1 per cent in real GDP in 1990 in the African oil-importing countries, but the full effects of their negative impact will naturally take time to work themselves out. And even though the Gulf crisis appears to have been largely resolved at this point, its consequences may already have been too strong and pervasive enough to depress output significantly in 1991 in the fragile economies of the petroleum importing countries of Africa. Unless there is, of course, larger and more flexible external assistance to mitigate the damage already done by the crisis.

18. In this respect, one of the disappointing aspects of the Persian Gulf crisis insofar as the African countries are concerned was the feeble response of the international community and the donor countries in assisting them to finance an external shock over which they had little or no control. There was some offer of emergency financial relief from the International Monetary Fund, but this was mostly through the use of and adaptation of existing instruments (such as stand-by, extended SAE/ESAF arrangements and compensatory and contingency financing mechanism) rather than the operation of new or separate facilities;

and, whatever added financing that was to accrue through the oil-import element was to be made available in the context of the already controversial structural adjustment programmes (SAPs). The result was that most of the gap in the current account of the African oil- importing countries was met by contraction. No special measures or assistance programmes were put forward or undertaken by the United States and Japanese Governments or the member countries of the European Community to alleviate the impact of the crisis on the African countries except for Egypt which benefitted substantially from US aid and debt reduction and financial assistance from the Gulf Financial Crisis Co-ordination Group.

III. THE MEDIUM- AND LONG-TERM IMPACT AND SCENARIOS, AND THEIR IMPLICATIONS FOR POLICY IN AFRICA

19. The medium- and long-term consequences of the Persian Gulf crisis for Africa, and the implications for policy, must be assessed in terms of the future of the petroleum market and the indirect effects through its impact on the global macro-economic outlook for 1991 and beyond. The post-Persian Gulf war period presents Africa with a new set of challenges in addition to the already pressing ones of re-launching the process of development on the continent. The energy issue, which seems to have been neglected in Africa since the early 1980s, will have to be revisited.

20. The medium-term outlook for the world petroleum market, on which depend the developments in the African oil-exporting countries that account for up to 45 per cent of the region's GDP, is far from bright. With the expansion in oil production that took place with the advent of the Gulf crisis, notwithstanding the fact that Kuwait and Iraq were out of production, and the deliberate release of an additional 2.5 million barrels a day from strategic reserves under the co-ordination of the International Energy Agency (IEA), supplies have generally been more than adequate to meet demand, and the price of oil had started to fall even by January 1991, when the war started; and fears that prices would fall even further have been fairly justified up until now. Crude petroleum prices have since averaged about $US 18 a barrel since February 1991, close to the level in July 1990, and there are those who believe that prices could eventually settle at as low as $US 10 a barrel or even less if the IEA were to maintain its policy in flooding the market for long and OPEC producing countries continue to pump more oil. The fact that oil is the biggest export commodity in Africa and likely to remain so for the foreseeable future means that the consequences of such a slump would be extremely serious if not catastrophic for the African region as a whole.

21. The reasons for such a pessimistic view of the oil market are not far to seek. Except for the damage to production facilities in Kuwait and Iraq, the anticipated widespread destruction of oil wells and supply disruptions in the Persian Gulf as a whole have failed to materialize. Iraq and Kuwait may be unable to produce oil at meaningful levels for a year to two year to come, but once production is back on stream, the two countries are bound to feel compelled to pump petroleum at their maximum installed capacity, given the enormous and extensive costs of repairs to damaged infrastructure. Saudi Arabia which, on the other hand, escaped relatively unscathed and with little physical destruction from the war, has massive war bills to settle with the allied forces - not to mention the demands of a possible new military build-up as part of security equation and arrangement in the Middle East; it, too, may feel compelled to maintain high output levels. Other petroleum producers - whether OPEC members or not - are unlikely to accept easily to cut back on production in the face of chronic balance-of-payments problems, especially if, as is most likely, the Persian Gulf States do not themselves adhere strictly to any production cutbacks. With the world demand for petroleum continuing to be as flat as it has been since the 1979 oil shock, the glut on the petroleum market may keep prices low until the second half of the present decade. Since there is no guarantee that the drop in the foreign exchange earnings from the export of oil can be accommodated, even partially, by the earnings from Africa's non-oil commodity exports, the likely consequences of the foreseeable and uncertain developments on the petroleum market are a more stringent foreign exchange constraint on economic development in Africa.

22. While there was already a slow-down in economic activity in the OECD countries even before the Persian Gulf crisis, the crisis may well have added to the down-turn and precipitated what could become a full-grown recession in 1991 in these countries which are Africa's major trading partners and important sources of external finance. Were this to happen and there is already unmistakable evidence that the end of the Persian Gulf war will not by itself spur global economic recovery, the demand for Africa's traditional exports may be further adversely affected, and export earnings may dwindle to a mere fraction of their 1990 level while import capacity shrivels and the human costs of adjustment become even more unbearable, thus dampening the growth momentum and the fragile incipient recovery in the African region. With the demand for primary exports remaining weak in general, the oil-importing African countries may find themselves in a worse situation in 1991 and beyond, particularly insofar as the resource requirements for sustaining higher import levels and current account deficits are concerned.

23. The resource requirements for sustaining higher levels of overall growth in Africa may also be adversely affected in another way. As world financial markets become overburdened with the huge repair bills for the Persian Gulf region, in addition to the financial requirements of the reforming economies of Eastern Europe and the USSR, interest rates are bound to rise substantially while credit availability becomes more and more difficult. The African countries, with their already severely eroded credit-worthiness and limited capacity for attracting foreign investment, are likely to further experience a financial crunch. The financial famine of the 1980s may yet, in retrospect, turn out to be insignificant in comparison with the difficulties with development financing in Africa in the 1990s.

24. It is possible that the reconstruction needs of Iraq and Kuwait may spur an increase in demand for migrant workers from some African countries; but even this is not certain. Kuwait is reported to be disillusioned with guest workers (other than those with high technical skills) and is likely therefore to reduce its future dependence on this factor input. Also, depending on which side a country took during the Persian Gulf crisis, it migrant workers might not even be that welcome in one or the other of the Persian Gulf States. In all, therefore, remittances to Africa from the Persian Gulf are unlikely to return to their pre-crisis levels.

25. African policy response to the Persian Gulf crisis initially focused on crisis management, as a matter-of-course. Priority was given to ensuring that critical supplies of petroleum were obtained and that available limited supplies were conserved. Countries which previously depended on Iraq and/or Kuwait for their crude petroleum or refined products had to find new sources, and in most cases the bulk of the new supplies had to be procured on the spot market. A few countries, for example, Zimbabwe, sought emergency supplies from Nigeria, an oil-exporting country with declared intentions of supplying oil at concessional prices to African States in need of assistance. But, by and large, the limited and often costly supplies that were secured on the market were either distributed through a rationing mechanism, or prices were raised to reflect the much higher opportunity costs. The objective, in both cases, was to curtail consumption so as to limit the impact on the balance of payments of higher petroleum import prices. Now that the immediate crisis is over, the more fundamental issue of precarious energy supplies on the continent will have to be addressed.

26. But perhaps the greatest lesson to be learnt from the Gulf crisis by Africa is the need for a comprehensive energy policy which will reach beyond the traditional issues of diversification of energy sources to the questions of designing an overall regional energy strategy as part of an overall strategic plan for the African region as envisioned in the Lagos Plan of Action (LPA). In this connection, the establishment of an African energy commission as envisaged in the LPA for managing the efficient utilization and use of energy should be undertaken as a matter of urgency. The LPA has also emphasized the importance of energy management and identified the following problems and areas as most crucial:

(a) The lack of a national energy policy in most African countries and of absence of effective short-, medium- and long-term energy development programmes;

(b) The non-integration of energy activities in overall national development planning efforts;

(c) The urgent need to undertake an exhaustive inventory of all energy resources as well as an inventory of the existing and needed human power in Africa in the field of energy;

(d) The need for African countries to undertake joint action for the development and utilization of existing energy resources on the continent, for which cooperation would have to be initiated or expanded (where it already existed) in the energy field at the subregional and regional levels;

(e) The lack of funds for the implementation of energy development projects;

(f) The need to intensify exploration of hydrocarbons and coal resources, especially in those areas which have not yet been explored;

(g) The desirability of increased use of hydrocarbons for the development of petrochemical industries and transport rather than for the production of electrical energy;

(h) The difficulties existing in Africa in the transportation of energy, and the lack of standardization in the electricity sector;

(i) The lack of a suitable framework for concerted action and coordination which make it difficult to implement the recommendations adopted at earlier meetings on the subject of energy.

27. In the LPA and the Final Act of Lagos (FAL) considerable emphasis was placed on African subregional and regional cooperation as the mechanism for promoting African self-sufficient and self-sustaining economic growth and social progress, and nowhere is this strategy more evident than in the development and management of energy resources. In the short to medium term, it follows that one of the actions that the African countries could take in addressing its commercial energy problems is to form a buyers' co-operative, thereby pooling together their oil purchases. With a larger volume, they can diversify their sources so as to minimize the risk of future disruptions of supplies; they can obtain volume discounts; they can minimize shipping and insurance surcharges, eventually by leasing and/or owning their own petroleum tankers; they can collectively set up their own refineries on joint ventures basis; and they can build and maintain strategic buffer stocks. In short, what is needed most is energy policy coordination akin to that enjoyed by the OECD countries through the International Energy Agency, and which would embrace other facets of commercial energy such as hydro-electricity and coal.

28. Within such a framework, petroleum-surplus and petroleum-deficit countries would be integrated to their mutual benefit: the surplus countries gaining some insulation from the ups and downs of the world petroleum market, dependent largely, as they are, on exogenous factors and global demand and supply on which Africa has little or no control; and, the deficit countries gaining some degree of price stability and freedom from supply disruptions. African production of crude petroleum accounts for only about 9 per cent of world output, declining from 326.4 million tons in 1979 to 231.9 million tons in 1982 before rising to reach 290.9 million tons in 1989 and 324.3 tons in 1990. But, meagre as it is globally, it is nonetheless a multiple of the region's consumption, estimated at only 99.4 million tons in 1989 or 114 million tons in 1990.

29. In the long term, however, all African countries will need to diversify their primary energy sources away from oil to increase their level of energy self-sufficiency so as to reduce their susceptibility to the vicissitudes of the world petroleum markets. Hydro-electric power development, especially on a small-scale basis, will play a big role in this strategy, especially in Southern, Eastern, and Central Africa with rapid progress made towards the integration of national electric systems into subregional and, eventually, regional power grids. Geothermal power, wind and ocean wave power, solar power, biogas, etc. - all these should

play a significant role in a comprehensive energy policy, especially one geared to rural energy sufficiency. Moreover, given the fast growth rate of the African population, and the severe ecological impact of continued dependence on woody vegetation as energy sources, practical programmes to exploit these other renewable energy sources are long overdue.

30. Another area of vital importance is energy conservation, an area in which Africa has so far lagged far behind the industrialized economies and virtually every other region in the world, all of which have steadily been reducing their energy consumption per unit of GDP since 1980. Given the low level of energy efficiency in Africa, there should be considerable savings from using oil and other energy sources more sparingly. Oil conservation measures would include more stringent fuel efficiency standards for vehicles; better roads and railways; more efficient industrial plants and equipment; better maintenance and more regular inspection of transport and industrial machinery; more reliance on pedal-powered cycles for urban and rural transportation; and an energy-saving ethic in the population. Also, conservation as well as expanded energy resource development will be better promoted by realistic pricing of energy resources that better reflects the opportunity costs of commercial energy and fuels procurement. Such a comprehensive energy policy is a costly undertaking, admittedly, but so are the social and economic costs of recurrent energy crises, and of not planning ahead collectively and purposively.

Table 1. Oil production in developing Africa (1986-1990) (in millions of tons)

Country	1986	1987	1988	1989	1990
Algeria	48.9	48.9	50.7	55.3	60.9
Gabon	8.3	7.7	8.0	10.6	13.6
Libyan Arab Jamahiriya	52.0	49.0	50.8	55.0	68.2
Nigeria	74.0	67.0	68.3	80.3	88.7
OPEC sub-total	183.2	172.6	77.9	201.3	231.5
Angola	14.2	18.1	23.2	22.6	23.2
Cameroon	8.9	8.3	7.8	8.6	8.3
Congo	6.0	6.3	7.1	7.4	7.8
Côte d'Ivoire	0.9	0.8	0.7	0.6	0.6
Egypt	40.2	45.2	42.6	44.0	46.3
Ghana	0.1	0.1	0.1	0.1	0.8
Tunisia	5.2	5.0	4.8	4.9	4.6
Zaire	1.6	1.6	1.4	1.3	1.3
Non-OPEC sub-total	77.1	85.3	87.7	89.7	92.9
All African oil producers	260.3	258.0	265.5	290.9	324.4

Source: UNCTAD, Monthly Commodity Price Bulletin, 1990, various issues; Engineering and Mining Journal, 1990, various issues; and ECA secretariat.

Table 2. Imports of petroleum by African countries, 1979-1988 (in millions of $US)

	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
North Africa	1 460	2 265	2 833	2 603	2 625	2 408	2 178	1 599	1 882	1 933
West Africa	1 368	2 066	1 968	1 723	1 174	1 233	1 278	1 252	1 405	1 369
Central Africa	264	389	447	293	200	225	257	248	252	280
Eastern and Southern Africa	1 684	2625	2 502	2 285	1 903	1 901	1 785	1 372	1 468	1429
Total	4 776	7 345	7 751	6 904	5 902	5 768	5 498	4 470	5 007	5 012
Oil imports as percentage of total imports										
North Africa	5.8	7.8	7.4	7.2	7.5	6.8	6.3	4.9	4.4	4.2
West Africa	7.6	8.5	6.8	7.6	7.6	10.5	10.1	11.3	12.1	11.8
Central Africa	8.1	9.0	10.0	7.4	5.1	5.6	5.6	4.8	5.2	5.6
Eastern and Southern Africa	15.8	19.4	17.0	17.9	17.3	17.8	18.7	13.1	12.7	11.8
Total	6.8	7.8	10.1	10.4	9.4	9.0	8.4	9.0	9.0	8.9

Source: ECA secretariat.

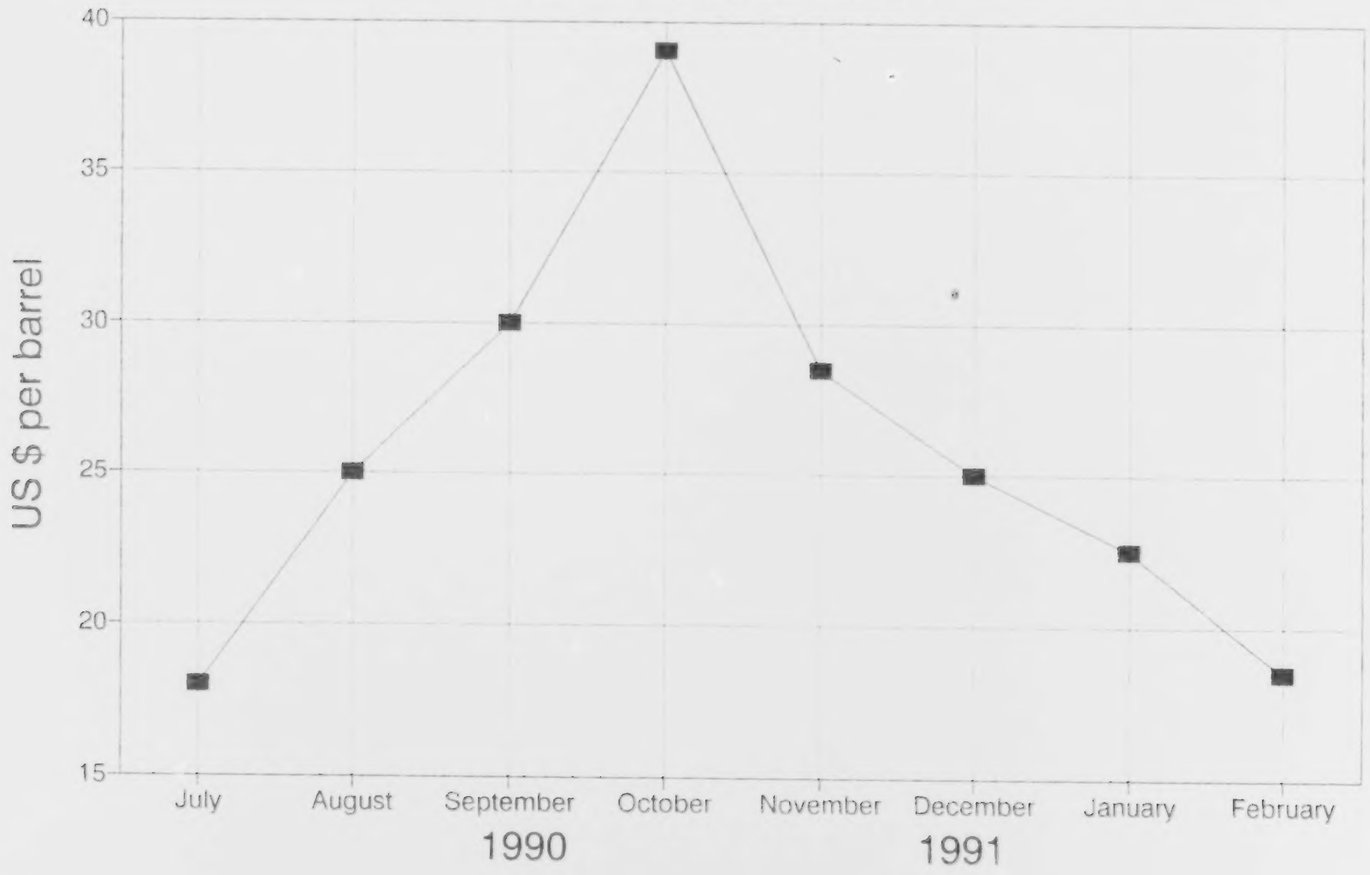
Table 3. Petroleum importation statistics for selected African countries (1988)

Selected countries	Billion US dollars		Fuel imports as % of total imports	Oil imports as % of commercial energy	Debt service exports (%)
	Total imports	Fuel imports			
Ethiopia	1.10	0.20	18	82	39.2
Kenya	2.00	0.40	20	75	37.8
Tanzania, United Republic of	1.20	0.20	17	83	24.6
Rwanda	0.40	0.08	20	19	12.7
Zambia	0.80	0.07	9	87	14.2
Zaire	1.20	0.04	3	60	15.9
Central Africa	0.20	0.002	1	..	12.8
Côte d'Ivoire	1.90	0.30	16	80	39.9
Senegal	1.20	0.10	8	100	30.2
Ghana	0.90	0.10	11	48	62.8
Morocco	4.77	0.53	11	82	29.1
Sudan	1.00	0.20	20	87	15.7
Total oil importers	34.10	6.80	20	31	26.6

Source: ECA secretariat.

Figure 1:Price of crude petroleum

Variation with the Gulf crisis a*



a* : preliminary estimate
Source: ECA secretariat.

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DECENNIAL REVIEW AND APPRAISAL OF THE LAGOS PLAN OF ACTION AND THE FINAL ACT OF LAGOS

M91-527

PART A

I. Introduction

1. In 1980, the African Heads of State and Government adopted the Lagos Plan of Action (LPA) and the Final Act of Lagos (FAL) as Africa's basic programme for long-term development and socio-economic transformation. Since its inception, however, domestic as well as external factors have mitigated against its successful implementation. Most notable among the factors are natural disasters and adverse developments in the external markets, all of which have further compounded and intensified the inherent structural deficiencies of the African economies and brought to the fore a crisis situation of an unmanageable proportions. To reverse such a situation and in order to restore the continent to the development path encompassed in the LPA, African countries adopted, in the course of the decade of the 1980s, a number of medium-term development programmes namely, APPER and UN-PAAERD. They also adopted the African Alternative Framework to Structural Adjustment Programmes for Socio-Economic Recovery and transformation (AAF-SAP). As part of the process of revitalization of the LPA, and particularly on the occasion of the anniversary of ten years of its adoption, the three African regional institutions, ADB, ECA and OAU, jointly organized a high-level expert group meeting from December 6 to 8, 1990 in Lagos, Nigeria, to conduct a decennial review and assessment of LPA and FAL, and to examine critically the opportunities and avenues open to the African region as a whole in meeting the challenges of the 1990s. The review and assessment focused principally on three main areas: namely,

(a) The extent to which the LPA and FAL were implemented and how they have influenced socio-economic development in Africa;

(b) Whether the objectives, priorities and strategies of the LPA and the FAL are still valid and feasible in Africa in the 1990's and beyond; and

(c) How to revitalize the LPA as Africa's basic programme for long-term development and socio-economic transformation.

2. The review and assessment was particularly important in the light of the adverse economic situation facing Africa, both at the domestic as well as external fronts. Since the inception of LPA, Africa has lost more grounds relative to the other regions of the world. The 1980s was for Africa a decade of grave economic and social difficulties. Between 1980 and 1989, there was a persistent and general decline in economic activity, social welfare and living standards in Africa. Africa moved from one social and economic crisis to another, of which declining per capita incomes, severe and persistent drought, accelerating ecological degradation, pervasive low levels of technological development, failure to achieve a major break-through in economic cooperation and integration, and extremely unfavourable global economic environment were the most prominent. Within that one decade, six Africa countries tripped from the middle-income to the low-income group, and the number of African Least Developed Countries rose from 17 to 29. This is in sharp contrast to the steady progress that has taken place in other Third World regions and the uninterrupted prosperity that has been achieved in the advanced industrialized countries of the world.

3. Further, the mega trends in the world economic and geo-political map, which is being redrawn and reshaped in the form of major regional blocs and groupings, necessitated a reflective assessment of the implementation of the LPA. The changing environment of the world economy,

in particular the political changes in Eastern Europe and USSR, the advent of the 1992 single European Market and the gradual changes in the South African Apartheid system are perhaps among the most immediate compelling reasons.

4. But the disappointing overall performance of the LPA is perhaps due not so much per se to the LPA itself, as with the general inability of the African countries to translate the principles of the LPA effectively into plans, programmes and policies, and the failure to implement growth oriented development strategies and effective policy reforms for socio-economic transformation. As the 1980s progressed there was a shift of focus from long-term vision to short-term survival. This process, inter-alia, had unduly delayed and undermined the pursuit and achievement of Africa's long-term development strategies and objectives as elaborated in LPA.

II. Lagos Plan of Action: Ten Years After

5. The unanimous agreement of the Lagos review meeting was that the Lagos Plan of Action is still as valid and perhaps even more so than it was at the time of its adoption a decade ago. It was emphasized that the LPA and FAL are based on four recurring principles in Africa's development: (a) the fact that development is a long-term process, not a short-term issue; (b) that the Africans themselves will have to develop Africa and that this will come largely only through indigenous African efforts; (c) the impossibility of successful development in Africa through balkanization and isolated national efforts; and, (d) the necessity for having abiding faith in Africa and for Africans to have greater self-confidence. While there is a general agreement on the validity of LPA, some reservations were, however, expressed with respect to its operational stance, particularly, in the face of changing domestic and world events and realities.

6. But it was recognized and acknowledged, nonetheless, that not enough had been done for the satisfactory implementation of the Plan, and that much more remained to be done in order to achieve the main objectives and sectoral priorities of the LPA. To that effect, some specific approaches were suggested in the process of accelerating the implementation of the LPA. These include: serious pursuit of true self-reliance, involving realism and sound policies; good planning; willingness to take a realistic view of the questions of sovereignty; and, serious efforts at economic cooperation.

7. The key factors identified as having inhibited the full and effective implementation of the LPA were:

(a) Prevalence of instability as evidenced by internal strife in many of the African countries;

(b) Lack of effective political will, excessive preoccupation with national sovereignty with little emphasis on collective regional sovereignty as a result of the illusion of isolated national development;

(c) Excessive dependence on external financing for the implementation of the LPA;

(d) Lack of awareness and involvement of the masses at the grassroots level (e.g. trade unions, women, youth, students) in the implementation of the LPA;

(e) The pursuit of IMF and World Bank's joint structural adjustment programmes (SAPs) whose country-by-country approach negates regional cooperation as envisioned in the LPA;

(f) Lack of coordination among member States and ministries within national governments in the implementation of the Plan. This was in addition to failure to make the LPA a political document by popularizing it widely among all social groups in African countries, particularly in educational institutions and among popular organizations and the grassroots;

(g) The weakness of mechanisms for monitoring the implementation of the Plan at the national and subregional levels; and

(h) There were also certain inhibiting natural and exogenous factors which affected the implementation of LPA. Among these were drought, desertification and debt crisis, collapse of commodity prices, deteriorating terms of trade, high interest rates, declining resource flows, which ravaged much of Africa from the early 1980s.

8. The implementation constraints arose from a number of factors. The first was the fact that the LPA had to be implemented against the background of an increasingly hostile international environment. Since the adoption of the LPA, there have been several radical changes in the world political economy; namely, the primacy of the democratic and conservative ideas from which the Berg report drew its on-slaught on the African intellectual wisdom that underlay the LPA. Second, reliance on external financing for 80 per cent of the Plan not only constituted a contradiction of the Plan's basic objective of self-reliance but forced on the African countries the implementation priorities dictated through the conditionalities of foreign financial assistance, often to the neglect of the basic objectives and priorities of the LPA. Third, the recurrence of natural disasters shifted the focus from development issues to mere survival. Fourth, there was a clear shift from development planning and long-term vision and perspectives to short-term programmes. Most of the African countries focused excessively on short-term crisis management mainly for restoration of fiscal and financial balances rather than addressing real development issues that would engineer fundamental transformation and restructuring of the African economies in the long-run. Fifth, the implementation of the LPA was afflicted by weak political leadership and institutions as shown by the pervasive lack of democracy and the failure of African leaders to fulfil their commitments to the principles of LPA, particularly in so far as the initiation of national counterparts programmes borne out of LPA were concerned. Sixth, LPA has not been widely disseminated among the broad masses and institutions of learning in Africa, and did not therefore enjoy the wide support it needed as Africa's blue print for socio-economic transformation. Seventh, the failure of many African institutions, particularly OAU and ECA, to put in place the necessary follow-up and monitoring mechanisms at their headquarters as well as at the national level has contributed to the lack of full implementation of the LPA. Eighth, the sectoral priorities established in the LPA have not been given the prominence they deserved.

III. Revitalization and strengthening of LPA

9. The revitalization of the LPA is a major necessity in Africa. There must be renewed efforts at its accelerated implementation and renewed goal commitment if the continent is to move forward in the 1990s and if Africa is to ensure that the new decade is not yet another lost decade.

10. It is important also that the revitalization of LPA be seen in the light of the adverse factors that undermined development in the 1980s. It has to be recognized from the start that the LPA was established against the background of socio-economic conditions, which, though problematique, were relatively more favourable compared to those of the 1980s. Most socio-economic indicators have pointed to retrogression rather than progress in the decennium following the adoption of the

LPA. Moreover, the changes that are taking place in the world today, in particular the emergence and trends towards creation of regionalized bloc economies, would, by themselves, necessitate a new vision if Africa is to grapple effectively with the new challenges.

11. The revitalization of LPA should also be seen in the light of the planning crisis in Africa, which is mainly attributed to the notion that economic growth by itself could lead to the restructuring of the African economies. This erroneous perception has persistently diverted attention from focusing on long-term vision of development to short-term stabilization programmes. The increasing resort to orthodox structural adjustment programmes rather than the LPA resulted in complete abandonment of development planning in the region; and, hence the failure to implement the basic objectives of LPA.

12. Thus, one of the strategic agendas for the 1990s should be to resituate development planning in its proper context. This is an immediate and logical start as the LPA was itself anchored on the belief in planning as an instrument for engineering socio-economic change and transformation. This should be seen not as a complete departure from short-term adjustment, but rather the simultaneous pursuit of adjustment with structural transformation, such that the adjustment process does not undermine or unduly delay the pursuit and achievement of Africa's long-term development objectives as stipulated in the LPA. Indeed, the effective capacity to operate at both ends of the dialects of change is the major demand for sustainable development, and only in so doing will the LPA be resuscitated as a perspective plan.

13. The specific strategic options confronting Africa in perspective planning are as follows: national and collective self-reliance; food self-sufficiency; environmental sustenance; development of science and technology; arrest of de-industrialization; and, development of domestic factor inputs and productive capacity. Moreover, the growing marginalization of Africa, the emergence of regional economic blocs in North America, Europe and the Pacific Rim, and the increasingly inhospitable international economic environment, all make it mandatory that Africa should henceforth make national and collective self-reliance an imperative and central pivot of its strategy of socio-economic transformation. There is hardly any African country that can go it alone on the basis of its own national resources; so all the illusions of isolated national development that saw regional integration a voluntarist issue must be jettisoned. Africa requires urgent collective action to deal with the external debt crisis and the question of adjustment with transformation in order to terminate its excessive external dependence, arrest severe desertification, and, above all, to internalize the engine of development and integrate its severely fragmented markets and production systems. All these will have to be linked to an African security plan that embraces economic, political and social programmes.

14. Perhaps, the most important aspect is the need to translate the regional perspective plan into national and subregional perspective plans. This has the merit of harmonizing national and subregional short- and medium-term plans into the long-term vision of LPA. Equally important in this regard is the need for harmonization and integration of the various sectoral plans into national programmes with well-defined themes of development. These two aspects should constitute the basis for revitalization of LPA.

15. Above all, it is of crucial importance to uphold the LPA as a political document in order to make it a popular democratic blue-print. Hence, its revitalization must start with its accessibility to all social forces and groups that are required to implement it. These democratic requirements for revitalizing the LPA dictated the adoption of the African Charter for Popular participation in

Development which called for human-centred development, full implementation of democratic rights, equal opportunities and social justice.

16. Thus, one of the solutions to the problem of implementing the LPA is to ensure effective mass participation at national, subregional and regional levels. To deal with this issue, there is need therefore to popularize the LPA through its inclusion in the curricula of African institutions of learning (in particular secondary schools and universities). Moreover, there is need for a cultural adjustment for Africa based on popular participation in a well-defined social contract. The African intellectuals should embrace the Pan-African spirit in a new social ethic with a view to creating an African morality based on endogenity, democracy, etc.

17. The collective response for dealing with the question of incongruity in perceptions and perspectives between Africa and the donor community and multilateral institutions should be reinforced. There is need for getting international organizations such as IMF, World Bank, etc. to change their policy towards Africa, and for a more rationalized role for Africa's foreign development partners. Henceforth, Africa's external economic relations must be predicated on Africa's basic interests and on consistency with the objectives of LPA.

Conclusion

18. The LPA is and remains the blue-print for Africa's future development. As such, the achievement of the basic objectives, priorities and collective strategies of the LPA are critical to the rapid recovery and transformation of African economies. Nevertheless, the consensus was that not enough had been done for the satisfactory implementation of the Plan, and that much more remained to be done in order to achieve the main objectives and sectoral priorities of the Plan. While a number of key factors have been identified as inhibiting the full and effective implementation of the Plan, there are certain areas which nonetheless call for revision and modification in the Plan, in particular the need to accommodate changes in both the African and the international economic environment as well as to draw on the lessons of experience.

19. As regards FAL, while noting the limited progress achieved so far in the field of economic cooperation and integration, a recognized major step towards the promotion of economic integration of Africa is the preparation of the draft Treaty of the African Economic Community. The signing of the treaty of the community by the Heads of State and Government of the Organization of African Unity in Abuja, Nigeria, in June 1991, would, by itself, constitute an important step towards the revitalization of the FAL.

20. The specific recommendations for revitalizing and strengthening the LPA are contained in the report of the meeting of the High-Level Group of Experts in Lagos, which is attached to this note as annex. In that report certain areas and policy prescriptions in the LPA have been singled out for improvement while the inclusion of certain new elements is proposed in order to take account of the new and emerging challenges that will confront Africa's economic development in the 1990s and beyond. Also, in Part B of this document, a definitive evaluation and assessment of the implementation of LPA and UN-PAAERD has been undertaken in so far as the priority sector of agriculture is concerned. What is required now is urgent action. And, in this regard, the present meeting is being called upon to take due note of the recommendations of the Expert-Group meeting (see Annex to this document) and to reaffirm its faith and renewed commitment to the full and effective implementation of the LPA in the 1990s through more vigorous efforts at all levels of the African society.

PART B

21. The extraordinary session of the African Heads of State and Government adopted the Lagos Plan of Action (LPA) and the Final Act of Lagos in April 1980 against the background of two decades of severe and deepening social and economic crisis in Africa, including a widening food production/food demand gap and growing food import and food aid dependency. The prevailing food shortage meant that the average African had, during the adoption of LPA, 10 per cent less food than he had had a decade before, and the situation was worsening. Fundamental proposals and measures in LPA were therefore aimed at the transformation of the structures of African social and economic systems and lay the foundations for genuine internal self-sufficiency and self-sustained development. The current food crisis was simply a consequence of the inability of African countries to achieve a structural transformation of their economies since independence. The Plan, therefore, set a number of targets for the food and agriculture sector. Among these was a growth rate of 4 per cent per annum in order to bring about food self-reliance in the region. Other recommended actions were the reduction of food losses, food reserve strategies, research, extension and other agricultural services, coherent policies, and of the total investment of about $US 22,000 million during the medium-term period 1980-1985, 50 per cent had to come from domestic sources.

22. The overall food and agricultural situation, however, worsened further during the LPA period. Although there was a bit of recovery in 1984 and again 1985, total food and agricultural production went up by only 2 per cent during 1980-1985 compared to the population growth of over 3 per cent. This dropped again to 1.8 per cent during 1985-1989 and further down to 1.5 per cent in more recent years (1988-1989). On a per caput basis, all the subregions registered negative growth rates throughout the 1980s. The gap in per caput staple food (cereals, pulses, roots and tubers) production between African and the average of other developing countries widened from only 13 kg in 1961-1965 to 93 kg in 1986-1989. In per capita terms, agriculture declined by -1.51 per cent and food by -1.42 per cent between 1989 and 1990.

23. There were also no achievements in the other targets such as those for food losses, food reserves and investment. These declines had a serious impact on the GDP. Real GDP per person declined by nearly 20 per cent (26 per cent for Africa South of the Sahara) since the start of the decade. Africa's situation was now worse than ever before and this was exacerbated by severe natural calamities all of which combined with existing incoherent national policies and programmes causing abnormal food shortages in not less than 21 countries during the mid-1980s. At the height of the crisis Africa had about 35 countries on the FAO list of seriously affected countries.

24. The Heads of State and Government of the OAU, meeting in Addis Ababa from 18 to 20 July 1985 for the twenty-first Ordinary session of their Assembly, critically reviewed the crisis that had now engulfed the whole continent. They reiterated their full commitment to the principles and objectives of LPA which they considered were "more valid today than ever before...". They focused their discussions on a priority programme on which they had to concentrate during the next five years. These commitments are reflected in Africa's Priority Programme for Economic Recovery 1986-1990 (APPER) which they adopted in July 1985. The Programme would, in the next five years, pave the way for national and collective self-reliant and self-sustained growth and development in the continent. The Programme consists, among other things, of the measures for accelerated implementation of LPA; special action for the improvement of the food situation and the rehabilitation of agricultural development in Africa; measures for alleviating Africa's external

debt burden; a common platform for action at the regional and global levels; and the development of the other sectors in support of the priority sector: food and agriculture.

25. In response to the African crisis, the United Nations General Assembly decided to convene its thirteenth Special Session from 27 May to 1 June 1986 in order to comprehensively deliberate on Africa's critical economic and social situation. The Session was to consider the rehabilitation of Africa's shattered economies and come up with a comprehensive diagnosis of medium- and long-term development problems and to propose action-oriented measures. In its resolution No. (A/RES/s-13/2) on the basis of which the United Nations Programme of Action for African Economic Recovery and Development 1986-1990 (UN-PAAERD) was adopted, the United Nations General Assembly urged all member governments to take effective action for the rapid and full implementation of the Programme. The United Nations Programme agrees with the main proposals contained in APPER for the food and agriculture sector, including the suggested immediate and medium measures to be taken by the African Governments and the international community, the estimated investment requirements as well as issues relating to the parallel development of the other sectors which support agriculture.

26. For the full implementation of APPER/UN-PAAERD, total financial resources were estimated to be $US 128.1 billion of which the African countries committed themselves to finance $US 82.5 billion (or 64.4 per cent). The agriculture sector including forestry was estimated to cost $US 57.4 billion of which ($US 40.3 billion was to come from domestic sources). The United Nations General Assembly requested organizations in the United Nations system to actively support and participate in the programme's execution and highlighted the need for reviewing and approving its implementation periodically.

27. The primary responsibility to implement the stated objectives, and therefore resolve the African crisis is, however, squarely that of the African countries themselves with only complementary effort from the international community.

28. This report reviews the progress made in implementing the measures recommended in these programmes with respect to the food and agriculture sector. The report responds to the requirement of the ECA Programme of Work and Budget for the Biennium 1990-1991 that calls for the review and appraisal of the LPA and UN-PAAERD implementation. The period covered is 1980-1990. The paper lays more emphasis on the activities undertaken at the national and subregional levels since the success of this programme depends ultimately and largely on the priorities and strategies implemented by the African member countries themselves.

Implementation of the LPA and UN-PAAERD

29. The period under review was marked by a wide variety of policy, strategy and institutional reforms. Many countries tried to reverse the past bias against agriculture, emphasizing policies that give incentive to farmers and generally reformulating the development strategies which were initiated during the 1960s.

30. Many African countries are making an effort to increase public investment in the sector; and a few have achieved the 20-25 per cent target recommended in APPER. Trends in external resources flows to Africa and the conditionalities attached to them are disappointing. There has been a steady decline in resource flows in constant terms especially during 1986-1988. The international community has progressively become a net recipient of resources from Africa. For

example, it is estimated that the net financial transfers from the already debt-distressed African countries to multilateral financial institutions, were about $US 1.5 billion in 1989 alone.

31. Apart from institutional infrastructure development, human and natural resources development, and the development of technology, we learn from the ECA survey of 1988 that it was apparent that many countries had adopted more coherent food strategies, major policy reforms and stabilization and structural adjustment measures, mostly supported by the IMF and World Bank. These IMF/World Bank-sponsored programmes are, however, typically of short-term nature and have been characterized by serious negative consequences throughout Africa. World Bank/IMF now dominate the economic strategy of Africa with more than half the continent implementing economic adjustment policies formulated in Washington. Nearly 50 per cent of its work in Africa is on structural adjustment programmes. Their implications on Africa's long-term growth and development are now being debated widely.

32. This review has shown, however, that the efforts being applied have not risen to the challenge. They have not at all been adequate. With respect to food self-sufficiency, Africa has been losing ground during the 1980s in both absolute terms and relative to any other part of the world. The 1980s were years of severe economic hardship and many disappointments. A good deal more, therefore, remains to be done if we are to realize the objectives and sectoral priorities of the Plan during the 1990s and beyond.

33. With regard to Africa's total agricultural trade (agriculture, fishery and forests), the performance was also disappointing. Total agricultural exports declined sharply in 1982 and 1983 and stagnated during 1984-1987 although they increased in value terms in 1986. But between 1986 and 1987 there was a reduction of export earnings of about 8 per cent compared to an increase of more than 17 per cent for the world's exports. As far as Africa's agricultural imports are concerned these were fairly high during 1981-1982, but stagnated at around $US 17,200 million during 1983-1985, and then they were sharply curtailed during the next two years contracting to about $US 15,530 million in 1987. There was a long period (1982-1987) of import contraction imposed by balance-of-payments and debt problems. Africa's income terms of trade is estimated to have declined by 31 per cent during the period 1980-1987 and deteriorated further thereafter.

34. The implementation of LPA/UN-PAAERD at the international level is dominated by the United Nations system, the Office of the United Nations Secretary-General being the main co-ordinating centre for assistance and support of the United Nations System to African countries, including the monitoring the process of its implementation. The various organizations and agencies such as ECA, FAO, UNDP, UNESCO, UNICEF, World Bank, among others, have all had a major role to play in their areas of specialization and competence. Many of their programmes have been devised to take into account the requirements of their sectoral priorities contained in LPA and UN-PAAERD.

Constraints on full implementation of LPA/UN-PAAERD

35. The causes of the disastrous results in food production in Africa during most of the 1980s are complex but are generally well known. Apart from such constraints as climate and geographical factors and other natural phenomena, there have been wars and political instabilities as well as the international economic setting, including the debt burden hanging over most of the African countries coupled with a prolonged fall in commodity prices, in addition to the non-accessibility to the markets of industrial countries.

36. More fundamentally, however, the critical factors which have constrained progress in the development of agriculture have been domestic policy constraints, inadequate and inefficient development and utilization of resources (human, natural, financial, physical, institutional) and technological deficiencies. There have also been weaknesses of planning and management capacities as well as a general absence of specific APPER-related targets and institutions, including the lack of appropriate administrative infrastructure for systematic monitoring of APPER/UN-PAAERD implementation.

37. We must also mention the lack of concerted inter-country cooperation and real spirit for self-reliance. Instead, one witnesses excessive dependence on external assistance not only to finance our development programmes, but also to determine our priorities (external dependence on skills, imports, markets, external investors, decision makers, etc). The different international donors tend to give preference to project that reflect their perception of African priorities rather than those identified by African governments as most appropriate to contribute to the achievement of the development goals that they have set for themselves. Indeed, although they all may give priority to food and agriculture, no attempt has yet been made to harmonize the different donor policies and even less to associate the principal benefactor to define their priorities something which has frequently led to non-cooperation and the non-implementation of recommendations.

38. Since in many aspects, the international community has a wrong perception of the African problems, their proposals have failed to address the real issues facing African economies. Because the proposed policies were designed on the basis of wrong and prejudged assumptions, it is not surprising that their implementation has not brought about any improvement. The refusal by the international community to accept Africa's economic priorities and development objectives and provide assistance on that basis, has led to the misallocation of the scarce resources being made available.

39. These factors and the external sitoation have all contributed to the disappointing performance of the sector although their impact has not been uniform, geographically, nationally or subsectorally.

The LPA and the 1990s

40. Giving account of the state of implementation of LPA and FAL by the African member States and the international community, APPER concluded that five years after their adoption, "very little progress has been achieved in the implementation of the Plan and FAL, although the basic strategy of self-reliant and self-sustained development remains valid". The main issues raised in LPA are still very valid and perhaps even more so in today's world. The achievement of the basic objectives, priorities and collective strategies of LPA and UN-PAAERD are critical to long-term recovery and transformation of African economies in line with AAF-SAP. The objectives and targets of LPA, including the growth targets, are within Africa's potential to attain. These targets are all feasible provided resources, institutions and infrastructures are effectively mobilized, especially for the smallholder-dominated rural sector.

41. For the 1990s and beyond, therefore, the review recommends that the 1990s must be an era of sustained and sustainable self-reliant growth, social and economic development and transformation and not another decade of structural adjustment. Specifically:

(a) The challenge will be to develop a future-oriented agricultural policy environment that breaks with the past and is suitable to smallholder, labour-intensive farming systems, in particular, we emphasize the intensification of agricultural production through the introduction and diffusion of scientific and technological innovations;

(b) The democratization of the development and planning process should be initiated and strengthened and regularly reviewed. Democratization, political freedom, popular participation and the respect for human rights are strongly associated with the stimulation of creativity, innovation and initiative necessary for economic growth and development;

(c) Improved social, physical and economic infrastructures and institutions including "participatory research" where the researchers, policy makers, etc. are willing to learn from farmers;

(d) Economic cooperation among African countries in the development and rational utilization of their natural resources is a priority need. There is also considerable scope for co-operation in the field of capacity building, especially in increasing investment in human resources and institutions. A major step should be taken to implement FAL;

(e) The recommended mechanisms for the implementation and monitoring of LPA, e.g. the Strategy Review Missions involvir_ AD ECA, WFC, etc. should be resuscitated/revived;

(f) There is much that the international community and the African countries can do together in implementing the Programme and the Plan. The developed countries can assist in increasing the human and institutional capacity needed for effective policy formation. They can also assist greatly by increasing their investment in the generation of new and suitable agricultural technology. Furthermore, the international community can play a major role in the process aimed at reversing the adverse trends of the 1980s. Firstly, by the shifting of emphasis from short-term solutions to African problems; and secondly, by changes in current trade policies which reduce incentives to African agriculture by limiting market access; and

(g) African food and agriculture will have to grow at the rate of not less than 5 per cent annually during the 1990s; more than double the past rate of growth - an enormous challenge, but a realistic and imperative objective for Africa. This production should, however, at the same time, be both environmentally sound and sustainable.

ANNEX TO PART A

REPORT OF ECA/OAU/ADB HIGH LEVEL EXPERT GROUP MEETING ON AFRICA'S DEVELOPMENT DURING THE 1980S:

6 - 8 DECEMBER 1990
LAGOS, NIGERIA

A DECENNIAL REVIEW OF THE LAGOS PLAN OF ACTION (LPA)

A. INTRODUCTION

1. On the occasion of the anniversary of ten years of the LPA, the three African regional organizations, ADB, ECA and OAU organized jointly a high-level expert group meeting from December 6 to 8, 1990 in order to conduct a critical decennial review and assessment of LPA and FAL, and to examine critically the opportunities and avenues open to the African region as a whole to adequately meet the challenges of the 1990s. The review and assessment were deemed particularly important in the light of the adverse economic situation facing Africa both at the domestic as well as external fronts. Further, the mega trends in the world economic and geo-political map, which is being redrawn and reshaped in the form of major regional blocs and groupings, necessitated a reflective assessment of the implementation of the LPA. This high-level group meeting was held in Lagos, Nigeria, the same city where the summit of the Heads of State and Government took place 10 years ago to adopt the LPA.

B. ATTENDANCE AND ORGANIZATION OF WORK

2. The meeting was attended by 88 experts in their individual capacity, representing various fields of development and expertise on Africa's social, cultural, political and economic issues. Some of the experts had attended the Monrovia Colloquium in 1979 which led to the LPA. Also in attendance were the honourable Federal Minister of Finance and Economic Development of Nigeria, H. E. Alhaji Abubakar Alhaji, on behalf of the Federal Republic of Nigeria; the Honourable Minister of Planning of Morocco H.E. Rachidi El Rhezouani; as well as senior government officials from Senegal, Libyan Arab Jamahiriya, Cameroon, Guinea and the Niger. Senior officials of the United Nations Organizations (UNDP, UNCTAD, ILO, World Bank, WHO, UNIDO) were present. There were representatives also of African non-governmental organizations such as African Economic Association, the Organization of African Trade Union Association, and Subregional groupings (ECOWAS, SADDC).

C. AGENDA

3. On 6 December 1990 the meeting adopted the following agenda:

1. Opening of the meeting.

2. Adoption of the agenda and organization of work.

3. General debate in plenary:

   (a) Development planning in Africa in the context of Monrovia Strategy and LPA;

   (b) Sectoral development, policies and strategies in Africa;

   (c) The revitalization of LPA in the 1990;

(d) Perspective of the Final Act of Lagos and the African Economic Community.

4. Consideration and adoption of the proceedings.

5. Closure of the meeting.

D. ACCOUNT OF PROCEEDINGS

Opening addresses

4. In his opening remarks and keynote address, the presiding Chairman, H.E. Alhaji Abubakar Alhaji, Federal Minister of Finance and Economic Development, welcomed the participants to Lagos and underscored the significance of the decennial review. He reminded the participants that the Lagos Plan of Action that was launched in Lagos in April 1980 against the background of the African crisis of the 1970s, and that all the available indications are that the economic performance of the African countries in the 1980s was far from satisfactory. The latter attributed to the adverse international economic environment as well as internal factors in the African countries themselves.

5. The pertinent external constraining factors included, among others, the continuous decline in commodity prices which affected the major primary products for Africa; increasing protectionism by the industrialized countries; adverse terms of trade; substantial reductions in resource and aid flows to Africa; and, heavy debt servicing obligations. Internally, there were such adverse factors like, devastating drought and desertification; the adoption of deficient planning and economic development policies; lack of financial resources; inadequate human resources development; high population pressures; widespread political instability and civil strife in many African countries; and, the utter neglect of African agriculture by many African countries.

6. The review of the LPA should, according to the Minister, take into account the changing environment of the today world economy; namely, the political changes in Eastern Europe and USSR the 1992 Single European Market and the gradual changes in the South African Apartheid System. Africa, therefore, has to rise to the occasion by mapping out and implementing growth-oriented development strategies and effective policy reforms for the transformation of their economies. A lot of work has already been done, through such medium-term programmes and declarations as APPER, UN-PAAERD, the Abuja Declaration and the Arusha Strategy, the AAF-SAP, which should serve as useful instruments and tools for implementing priorities, principles and goals of the LPA in the 1990s.

7. He then urged participants to review the main achievements and failures of the LPA, which focus on the progress of subregional and regional cooperation as well as the main indicators of the African crisis, respectively. He indicated that the need for reviewing the LPA derives from the unfolding mega trends around the world and the expectations of the African populace. He emphasized the high expectations of Africa from this august assembly to tell the African people what to do and the critical task ahead required to fully implement the LPA.

8. In his own keynote address, Professor Adebayo Adedeji, the Executive Secretary of the ECA, warmly welcomed the participants and expressed gratitude to the President, Government and People of Nigeria for agreeing to host this meeting. He recalled the origin of the LPA from the

Kinshasa meeting (Zaire) in 1977 on Africa's role in the New International Economic Order, to the 1979 OAU/ECA Colloquium in Monrovia on the state of Africa in the year 2000 and the ECA's Conference in the same year on the need for alternative development in Africa. The motives of the LPA thus centred on the urgent need to reverse the emerging crisis in Africa during the 1970s, the articulation of an alternative development strategy for Africa and the arrest of the emerging marginalization of Africa. These led to the formulation of what may be called "the LPA's trinity tenets of self-reliance, self-sufficiency and economic cooperation" with high hopes of a vision of African transformation by the 1990s. Caution was also given of the likelihood of the socio-economic instability and decline that might arise if the LPA was not implemented.

9. The five main factors that accounted for the failure of the LPA were: the shift of focus in individual African countries from long-term vision to short-run survival; foreign derailment and sabotage of the programme through the foistering of its anti-thesis on the region; pervasive strife and lack of democracy in our countries; the go-it-alone syndrome; and, the increasing hostility of the international economic environment. These imply four major challenges confronting Africa in the 1990s; namely, the deteriorating political environment with strife within and between countries; need for Africans to transcend and redefine their identity, future and values; imperative of mobilizing the self-confidence to implement its own programmes like the LPA and AAF-SAP rather than those foisted on it from outside; and, the termination of Africa's deteriorating status as the periphery of the periphery through involuntary delinking of Africa in the on-folding reorganization of world economy.

10. He concluded by raising the following questions for the meeting to consider: (a) whether it is necessary to revive planning and how; (b) how to revive the LPA; (c) the necessary modifications to the LPA in order to reflect the reality of the 1980s; (d) whether there is need to have regional rolling plans like APPER and UN-PAAERD; (e) the extent of external reliance for the execution of Africa's programmes; (f) whether Africa will be lukewarm in implementing AAF-SAP as it has been with the LPA in the past; and, (g) how popular participation in the African Charter for this will be implemented.

11. Ambassador Brownson N. Dede, Assistant Secretary-General of the Organization of African Unity (OAU) then presented the apology of the Organization's Secretary-General for not being able to attend the meeting in person and expressed gratitude to the Federal Government of Nigeria for hosting the Conference. He felt that the meeting should address itself to three main issues, namely: the efforts made individually and collectively by member States to implement the LPA; the major problems confronting our countries in the last decade; and, the impact of the new global challenges on Africa. Thus, by the end of the decade, almost all member States, except Egypt, had become a member of one subregional grouping or the other. Subsequently, the Draft Treaty of the African Economic Community (AEC) has been prepared for ratification in 1991, thus underscoring the fact that the spirit of the LPA and Final Act of Lagos was still very much alive.

12. Beyond these efforts, the deteriorating external economic environment, especially the collapse of commodity trade and the foreign debt crisis, natural disasters and such internal factors as excessive nationalism and domestic policy failures, have militated against the execution of the LPA. Thus, during the twenty-sixth session of the Assembly of Heads of State and Government in July 1990, the Secretary-General of the OAU presented a historic and major document that drew attention to the rapid development in regional economic blocs in the world, and the challenge it

posed for Africa. All these implied that the current review of the LPA should strengthen Africa's resolve for urgent and effective integration in Africa.

13. In his keynote address, the President of the African Development Bank (ADB), Mr. Babacar N'daye expressed deep gratitude to the Government of Nigeria for hosting this Conference, and to Professor Adebayo Adedeji as well as Mr. Edem Kodjo for their tremendous efforts in elaborating the LPA. He recalled the main objectives of the Plan; namely, self-reliance, self-sufficiency and sustainment as well as regional integration.

14. In his evaluation of the LPA, he highlighted both areas of success and failure. The former included the creation of integration institutions like subregional groupings for the expansion of trade that requires better financing, closer cooperation and joint investment ventures. The ADB has been supporting these efforts and will continue to do so, especially as current global trends compel Africa to press on rapidly with fuller cooperation. The failure of the LPA is linked, in part, to the crisis of 1980s, particularly the collapse of commodity trade and rising external indebtedness as well as the narrowness of SAPs that over-emphasize "getting prices right" to the neglect of the root causes of Africa's crisis.

15. These underscore critical lessons of experience and future requirements. The lessons include the pressing need for human resource development, increased investment through reforms and effective popular participation in the development process. The concerns for the future include the hostility of the international economic environment that embraces the external debt crisis and deteriorating foreign trade for Africa. All these indicate that the future prospects for Africa may not be better than those of the past. Hence the need for increased collective action by African countries that should stress collective bargaining by African countries with the international community, collective African action on external debt and increased African cooperation in the attraction of external resources, especially from private sources. Other related measures are export diversification and the urgency of broad transformation.

General debate

16. The Chairman drew the attention of the meeting to document ECA/OAU/ADB/4 entitled "Overview of LPA: Challenges and Prospects -a Background Paper" as well as the "Issues Paper", both of which he considered as useful guidelines and background material to the debate.

17. The discussion of the meeting focused on three important areas, namely:

(a) The extent to which the LPA and FAL were implemented, and how they have influenced socio-economic development in Africa;

(b) Whether the objectives, priorities, and strategies of the LPA and FAL were still valid and feasible in Africa, especially in the 1990s and beyond; and

(c) How to revitalize and modify the LPA as Africa's basic programme for long-term development and socio-economic transformation.

18. In the general debate that followed, views were expressed about the critical situation of the continent in the light of the implementation of the LPA as well as the proposals for its accelerated

future implementation. The meeting first underscored the importance of the LPA and FAL for Africa's development. It was emphasized that the LPA and Final Act of Lagos are based on four principles that are still valid. These are the fact that development is a long-run process, not a short-term issue; that only Africans themselves can develop Africa, and only through indigenous effort; the impossibility of successful development in Africa through balkanization and isolated national efforts; and the necessity for having faith in Africa and for Africans to have self-confidence. Progress on these four planes has been lacking (for instance, lack of endogenous national and regional projects and their integration) and revitalization demands new approaches.

19. Among the more specific approaches that may be adopted to revitalize the process of implementation of the LPA, the following are identified as more important: serious pursuit of true self-reliance involving realism and sound policies; good planning; willingness to take a realistic view of questions of sovereignty and serious efforts at economic cooperation through the establishment of a ministry of regional cooperation.

20. Despite the modest implementation of the LPA and FAL, the Plan constitutes, no doubt, an important milestone in Africa's research for economic independence and responsibility. However, right from its original conception, the LPA did not sufficiently take into account the international environment aspects. In fact the year following its adoption there have been several radical changes in the world, including the primacy of democratic and conservative ideas from which the Berg Report drew its inspiration for an on-slaught on the African intellectual wisdom contained in the LPA. Thus, the tendency in the LPA to see Africa in isolation from the rest of the world and its call for self-reliance while at the same time relying on external financing for 80 per cent of the Plan resources constitute, by themselves, the two contradictions in the formulation of the LPA. These issues give rise the need to link LPA with the struggle for a New International Economic Order.

21. The background document habours a contradiction in its recognition of the failure to implement the LPA and the claims that Africa has been making progress on cooperation. On this, it was stated that the basic obstacle to the implementation of LPA and FAL is from the African leaders, their failure to fulfil their commitment to African cooperation and their excessive reliance on foreign aid and the North. It was also mentioned that the LPA has been afflicted by poor leadership and failure to evolve national counterparts of LPA (i.e., short, medium and long-term plans for the implementation of the programme) at individual country level.

22. Since the plan is already in place the stewards (ECA, OAU, ADB) are there, and the passengers (people) are there, what is needed is the pilots (the leadership) who are strong enough to push the accelerator, to guide people in the right direction. Otherwise, all efforts will be futile. To deal with these issues, there is a need for a cultural adjustment for Africa based on popular participation with a well-defined social contract. Equally important is the need to correct the African human right records through, inter alia, the involvement of the Africans mass at grass-root levels, the youth and the women in particular; changes in the OAU charter; getting the international organizations such as IMF, World Bank, etc. to change their policy toward Africa; a more rationalized role for Africa's foreign development partners; getting new formulas for subregional institutions (ECOWAS, PTA, ECCAS, UMA) which have so far remained dead-lock, thereby hindering the implementation of LPA; giving transnational corporations and IGOs in Africa new directives for the implementation of the objectives of LPA; reducing defence spending; acceptance of pluralism and freedom of expression, and of trade-unions, universities, etc., as centers of critical

thinking declaring an end to monopoly of power and corruption that are mortgaging African countries; and, finally, getting involved with the outside world only on a basis that is consistent with the objectives of LPA.

23. While it was recognized that, in the majority of cases the fault was that of Africa's leadership, the meeting took cognizance of the fact that the leadership in question extended to the African intellectuals, who are equally to blame for the failure of the LPA. Therefore, there is need to have a new social order, involving the creation of a new African morality based on honesty, rigour, endogeneity, democracy, etc. and the initiation of a new social contract with people and in which the people will cease to be exploited. The African intellectual should embrace the pan-African spirit.

24. The LPA has also not been widely disseminated among the masses and universities which can promote changes in cultures toward finding Africa's own identity. To deal with these issues, there is need for a cultural adjustment for Africa to take account of all forces of change in the society, and for inclusion of the LPA into in the curricula of African institutions of learnings. (secondary schools and universities).

25. However, it was felt that the failure in the implementation of the LPA is rooted in the failure of African organizations, in particular OAU/ECA, to help put in place, at their headquarters as well as at the national levels, the necessary follow-up and monitoring mechanisms. It was mentioned that the ECA/OAU/ADB background documents were not detailed enough in presenting the progress in the implementation of the LPA, particularly at the sectoral levels. Detailed macro- and sectoral reviews and studies would have to be prepared for the entire period of ten years for any realistic evaluation of the LPA to be made. The meeting thus called for the creation of units of 4 persons or so in ECA or OAU secretariats, or a joint committee or task force to continually monitor the LPA.

26. On sectoral account, mention was made to lack of linkages and interaction among sectors. It was particularly noted that the coordination, harmonization, complementarity and integration of the various sectors should constitute the basis for revitalizing LPA. The LPA is a continental programme whose implementation will go on for more than 20 years while some of the sectoral priorities will even require more time to be fully implemented. Africa has invested a huge amount in the fields of agriculture and industry since 1960; but Africa continues to import food and industrial products. With the falling commodity prices and the rising import costs, it is currently costing Africa three times more than in 1980 to import food and manufactured goods. Therefore, sectoral strategies must be adopted to enhance the implementation of the LPA, of which the link of agricultural and the industrial sectors should constitute an important component.

27. The sectoral priorities, as established by the LPA, has not been given the due prominence they deserved. The main reason behind this is the absence of integrated sectoral plans to provide effective links between industry and agriculture. As a result, the food problem was not yet resolved and Africa is still dependent on outside markets to feed its growing population. If this dichotomy is not resolved, the food problem and food security will constitute a critical element in Africa's future development. To this end reference was made to the importance of land reform, of wage labour, increase recourse to income guarantees schemes instead of mere price stabilization and narrowing urban-rural gap. It was also emphasized that without mechanization of food production, agriculture cannot satisfy the ever-growing population of urban cities.

28. As regards the role of industry in LPA in particular the Industrial Development Decade for Africa (IDDA), it was mentioned that while some progress has already been achieved, not all of the objectives of the Decade are yet achieved. Increased rehabilitation efforts were cited as an example. The importance of sectoral plans with well-defined targets and actions as in the IDDA was also emphasized. Here, reference was also made to the necessity of an energy commission. The commercialization of energy in particular coal is seen as an important step towards the resolution of Africa's energy problem.

29. On the social scene, it was stated that while it is not possible to initiate change in the whole educational system in Africa in ten years time only, but still much remain to be done in the area of education in particular the need to acquire specific skills in order to ensure employability. Some advocate that African primary education should be compulsory. The importance of change of training systems was also stressed to move education from quantitative to qualitative aspects. Institutional reforms for development of science is an important area for building a cadre of trained scientists. Technology without science leads to a dead end. Therefore, without the development of the scientific and technological capability and human resources, self-reliance and self-sustainment of the LPA will remain but slogans.

30. One of the problems in the implementation of LPA arise not only from the lack of financial resources, but the way they are allocated to generate development. Recent statistics showed that 50-80 per cent of foreign capital flew from Africa to abroad. The missing financial section in the LPA should be consolidated through incorporating recent studies on Africa's financial analysis, the issue of external debt and debt servicing, interest rate and exchange rate studies, resource mobilization and allocation, etc.

31. The meeting argued that one of the basic issues that hindered the LPA is its failure to direct the efforts toward the reduction of poverty. It rather concentrated on the production which, with the falling commodity prices, could not improve much of the situation. The productive employment approach to development should be conducive to the generation of income to insure food self-sufficiency, health care and water supply. Public expenditures on infrastructure and adoption of appropriate technology should ensure income and increased productivity, education should be for specific purposes and complete by itself and not only to provide a base for future studies. In agriculture, land reforms, high labour employment, appropriate agricultural wage policy, credit to the farmers, should enhance production of food and raw materials. The industries should be rehabilitated and studies on interest and exchange rate policy should be made to encourage exports and discourage imports. Africa should move from capital intensive to labour intensive methods and the new important tool of development is to achieve high employment rather fight against inflation and to get an acceptable level between unemployment and prices (equity and equality).

32. If, at the macro-level, the implementation of the LPA was a failure, some progress has however been made at the micro-level, namely as far as women in development are concerned. The 1980-1985 witnessed the undertaking of many activities in Africa in favour of women. It was financing difficulties that the continued operationalization of such activities as spelt out in LPA since the second half of the 1980s. Therefore, there is need to revitalize LPA through increasing role of women in the development and to establish a link between the sectoral programmes and the basic programme of the LPA.

33. In the area of development planning and revitalization of LPA in the 1990s the meeting expressed concern at the vast number of African countries (about 33) who are currently implementing the orthodox structural adjustment programmes in contradiction with the basic principles of the LPA. It was noted that the phenomenon was partly attributable to lack of comprehension of the principles of LPA. In this regard, two points were stressed. First, there is need for undertaking of a study on how LPA can be included in the school syllabuses in order to promote culture as a vehicle for self-reliance. Second, as development and democracy go together, mass participation should be seen as the key and the foundation of community development.

34. In the area of economic cooperation and integration, the meeting noted the necessity of restructuring the African economic space into an African common market and economic community, and referred particularly to the significance and the importance of the signing of the treaty of the community by the Heads of state and Government in Abuja, Nigeria, in June 1991. The meeting also referred to the limited progress achieved by existing subregional organizations and the on-going conflicts and destabilization within the African region. The meeting underscored the importance of regularly undertaking studies on the bottlenecks, constraints, as well as the potential for co-operation in Africa and the resolution of the continents internal conflicts. In this regard, a proposal was made to establish ministries and departments responsible for regional co-operation to foster cooperation and harmonization of sectoral and national development plans at the subregional level. Above all, what is required is a total commitment to core values of integration and that sovereignty within a communal setting with defined values has more pragmatic and practical grounds to gain than in isolation.

E. CONCLUSIONS AND RECOMMENDATIONS

35. The meeting agreed that there have been activities at the national, subregional and regional levels which have been undertaken for the purpose of implementing the LPA. Nevertheless, the consensus was that not enough had been done for the satisfactory implementation of the Plan, and that much more remained to be done in future in order to achieve the main objectives and sectoral priorities of the LPA. A brief summary of the main recommendation and conclusions reached is given below.

1. Constraints on the full Implementation of LPA

36. The meeting identified certain key factors which have inhibited the full and effective implementation of the LPA. These include the following:

(a) Lack of stability as evidenced by internal strife in many of the African countries;

(b) Lack of effective political will, excessive pre-occupation with national sovereignty with little emphasis on collective regional sovereignty as a result of the illusion of the possibility of isolated national development;

(c) Excessive dependence on external financing for the implementation of the LPA;

(d) Lack of awareness and therefore involvement of the masses at the grassroots level (e.g. trade unions, women, youth, students) to enable them implement the LPA;

(e) Excessive foreign interference with the Plan, especially by the World Bank and the IMF through the Banks' Berg Report and their joint structural adjustment programmes (SAPs) whose country-by-country approach negates regional cooperation in the LPA;

(f) Lack of coordination among member States and between ministries within national governments on how to implement the Plan. This was in addition to failure to make the LPA a political document by popularizing it widely among all social groups in African countries, particularly in educational institutions, popular organizations and the grassroots;

(g) The weakness of mechanisms for monitoring the implementation of the Plan at the national and subregional levels sustained these problems; and

(h) There were also certain inhibiting natural and exogenous factors which affected the implementation of LPA. Among these were drought, desertification and debt crisis, collapse of commodity prices, deteriorating terms of trade, high interest rate, declining resource flows, which ravaged much of Africa from the early 1980s.

2. Validity of the Lagos Plan of Action

37. There was unanimous agreement among the participants that the Lagos Plan of Action is still as valid and perhaps even more so than it was at the time of its adoption a decade ago. It was praised as an excellent policy document which set timely priorities for Africa's development up to the year 2000. The achievement of the basic objectives, priorities and collective strategies of the LPA are critical to the rapid recovery and transformation of African economies in view of the regional economic blocs in the world. A major step towards the promotion of economic integration of Africa, as called for in the Final Act of Lagos is the preparation of the draft Treaty of the African Economic Community by the OAU Permanent Steering Committee to be presented to the next OAU Summit for signature.

3. Some modifications to the LPA

38. While commending its continued validity, the participants nevertheless pointed out the need for modifications of the Lagos Plan of Action in order to accommodate changes in the African and international environment as well as lessons of experience. The specific modifications mentioned included inter alia the following:

(a) Inclusion of the African cultural dimension in the Plan;

(b) Focus on human resources development, in particular education;

(c) Provision for mass participation in the implementation of the Plan;

(d) The need to keep a balance between population and the environment; Africa must move away from the current notion of environmental policy as a cleaning-up process;

(e) Planning of sectoral linkages and integration at the national and subregional levels; and

(f) The African Economic Association should be assigned an important role to enhance research and development of African economies.

4. Revitalizing the LPA

39. The following suggestions for the revitalization of the LPA were made in the meeting:

(a) There must be popular participation of the masses at all levels in the implementation of the LPA along the lines of the African Charter for Popular Participation in Development with better coordination among national ministries as part of the improved institutional framework for the implementation of LPA. The implementation of the LPA should go beyond government and involve non-governmental organizations as well as other social forces. Social and dynamic forces should be identified for making this effective;

(b) A need for a committed leadership at all levels that is stable enough and capable of solving the problems identified in the Lagos Plan of Action;

(c) The role of science and technology should be accorded priority; the African industrial base and the attainment of food self-sufficiency should be enhanced; and so should integrated sectoral planning;

(d) Provision of practical training in all fields of science and technology. The future economy is not just of knowledge but also of participation;

(e) There must be full and effective democratization of African societies. This is necessary for ensuring effective accountability and full mobilization of social energies for the implementation of the LPA. There must also be peace, security and political stability in African societies in order to promote development activities;

(f) Mechanisms for the implementation of LPA must be established at national, subregional, regional continental levels. These should include effective human resources development and utilization (provision of education, health, basic needs) the promotion of border trade and the implementation of protocols of cooperation, especially at the subregional level.

(g) Development of a course on the African economy and the incorporation of LPA into the curricula in Africa's institutions of learning;

(h) Creation of National Ministries responsible for Regional cooperation and integration;

(i) As Africa does not have the internal capability and institutions to venture into the full-privatization, the state should still play a complementary role;

(j) The establishment, without delay, of the African Energy Commission; for the efficient utilization and use of energy;

(k) The OAU, ECA and ADB should prepare a comprehensive evaluation of the implementation of the LPA in all its sectoral aspects. An evaluation report should be ready in 1992 for presentation through ECA to the OAU Summit;

(i) The OAU Structure should be reviewed to render it more amenable to the implementation of LPA;

(m) In view of recent developments in world trade agreements, there is need to review the Chapter on Trade and Finance in the LPA; and

(n) There is need to have a common stance and strategy on issues of Africa's development and socio-economic transformation.

40. Finally, the high-level experts, in their individual and collective capacities, decided to urge the African countries to commit themselves to pursuing the following course of action:

(a) Widespread diffusion of the LPA and AAF-SAP in their respective countries in languages that can be clearly and easily understood by the masses;

(b) Holding national conferences on the LPA and AAF-SAP, beginning in 1991, in addition to holding lectures, workshops and seminars;

(c) Mobilization of human and financial resources in support of development-oriented NGO activities;

(d) Take action to facilitate the significant financing of regional projects by the ADB;

(e) Encouragement of the emergence of national consensus on the LPA and AAF-SAP among political parties, students, workers, farmers, women's and religious organizations;

(f) Promotion of the holding of twinning conferences for sellers and buyers of subregional and regional significance;

(g) Provide assistance to facilitate border-trading and other forms of intra-African trade that go unrecorded officially;

(h) Support of the formation of subregional political parties, parliaments, producers and professional organizations;

(i) Mobilization of scientific resources for providing assistance for the collective approach to bargaining on issues/problems of major concern to Africa, such as the external debt and concession agreements with multinational corporations; and

(j) Support of the formation and strengthening of independent human rights and development monitoring organizations.

41. The meeting adopted the proceedings.

42. Then the chairman declared the meeting closed.

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9 - 13 May 1991

DRAFT MEMORANDUM

BY

THE ECA CONFERENCE OF MINISTERS TO THE AD-HOC COMMITTEE OF THE WHOLE OF THE GENERAL ASSEMBLY ON THE FINAL REVIEW AND APPRAISAL OF THE IMPLEMENTATION OF UN-PAAERD, 1986-1990

(As adopted by the Intergovernmental Expert Group Meeting on the Final Review and Appraisal of the United Nations Programme of Action for African Economic Recovery and Development, 1986-1990 (UN-PAAERD), 19-26 April 1991, Addis Ababa, Ethiopia)

I. INTRODUCTION

1. With the coming to an end of the United Nations Programme of Action for African Economic Recovery and Development. 1986-1990 (UN-PAAERD), we, the African Ministers Responsible for Economic Development and planning, wish to present herewith to the Ad Hoc Committee of the Whole of the United Nations General Assembly on the final review of UN-PAAERD our collective assessment of the implementation of the programme and the measures that are needed to achieve sustained and sustainable growth and development in Africa in the years to come.

2. When our Heads of State and Government called, at their 21st Session held in July 1985, for the convening of a special session of the General Assembly to deal with the critical economic situation in Africa, it was because of the extreme gravity of the socio-economic situation in our continent and the conviction that the causes for this crisis transcended the boundries of our continent. Hence, the need for a partnership between Africa and the international community to undertake mutually reinforcing actions to overcome the crisis and set the continent on the road to recovery and development.

3. Africa's Submission to the Special Session of the United Nations General Assembly on Africa's Economic and Social Crisis, which the ECA and OAU jointly prepared and submitted to the Ad Hoc Committee of the Whole and the General Assembly, delineated the actions that needed to be taken by both Africa and the international community to turn a continent beleaguered by socio-economic crisis into a viable socio-economic entity. In that context, the submission reaffirmed our total commitment and primary responsibility for the development of our continent; the determination to implement Africa's Priority Programme for Economic Recovery 1986-1990 (APPER); and reiterated our continued full commitment to the basic principles and long-term objectives of the Lagos Plan of Action and the Final Act of Lagos.

4. We saw the first special session ever to be devoted to the problems of a single region as a truly unique opportunity to focus the attention of the world on the plight of Africa and to establish the political foundation and consensus for concerted global action in support of our continent.

5. All concerned came to recognize the United Nations Programme of Action for African Economic Recovery and Development, 1986-1990 (UN-PAAERD) as a novel compact between Africa and the international community, embodying mutually reinforcing commitments. We Africans committed ourselves to providing the necessary framework for launching long-term programmes for self-sustaining socio-economic growth and development and the international community, on its part, committed itself to assisting Africa to achieve this objective.

6. We take note, with satisfaction, of the results of the Mid-term review of UN-PAAERD by the UN General Assembly, in particular the following conclusions:

> "The reform and restructuring that are being undertaken by African countries and the ongoing initiatives taken by the international community thus constitute an important beginning. However the overall performance of the African economies remains unsatisfactory. Despite earnest efforts to carry out adjustments in their national economic policies, most African countries have found little reprieve from the harsh impact of climatic conditions and an unfavourable external economic environment. Internal constraints, and the adverse impact of exogenous factors to which African economies are highly susceptible,

are impeding the reform process and are severely hampering African development. Dealing with the African crisis is a priority concern for the international community and the United Nations. It is therefore a matter of urgency that the promising actions that have been taken by all parties concerned to implement the Programme of Action should be strengthened and accelerated. Sustained and unfaltering efforts made by African countries must be matched by substantial and urgent efforts by the international community to provide support to them at the required levels and to create an international environment favourable to the process of reform and restructuring".

7. The forthcoming final review and appraisal of the implementation of UN-PAAERD, by the General Assembly of the United Nations and its Ad Hoc Committee of the Whole, does provide a unique opportunity for a frank, sober and objective assessment of the achievements of the Programme and the implications of those results for future action in support of Africa.

8. With the unanimous adoption of UN-PAAERD, we certainly held the hope that this compact would usher in a new era of international co-operation in which both Africa and the international community would work together to fulfill their respective commitment as embodied in the Programme.

9. Unfortunately, we cannot but conclude that at the end of this five-year period, Africa's socio-economic condition remains precarious and that the results of the Programme of Action fall far below expectations. The socio-economic conditions as well as the purchasing power of the African people have continued to worsen and the Programme of Action has not contributed sufficiently in redressing this situation.

10. It is because of this concern that we decided, at our 27th meeting held in Tripoli in May 1990, to submit a Special Memorandum to the Ad Hoc Committee of the Whole of the General Assembly of United Nations on the final review and appraisal of UN-PAAERD.

11. The following pages of our Special Memorandum contain our candid assessment of UN-PAAERD and the tasks that need to be tackled in the 1990s. Not only is the situation that Africa finds itself in today not much different from that of 1986, but actually the challenges that Africa is currently facing have even become more daunting. It is this sober recognition which guided us in formulating this Special Memorandum.

II. IMPLEMENTATION OF UN-PAAERD

1. African Efforts

12. We committed ourselves in UN-PAAERD to providing the necessary framework for launching long-term sustainable socio-economic development and growth by implementing the policies and priorities of APPER. These include: agricultural Development; the rehabilitation and development of sectors in support of agriculture; measures to combat drought and desertification; the development of human resources; and policy reforms. These policy reforms included: improving the management of the economy; implementing other policy measures through which "short-term adjustment measures should give way to the medium-term and long-term structural transformation"; adoption of appropriate national population policies; and encouraging the participation of people, especially women, in development.

13. For a realistic assessment of UN-PAAERD, it is important to state at the outset that the implementation of UN-PAAERD priorities ran parallel to the implementation of Structural

Adjustment Programmes by over two thirds of our countries. In this regard we wish to reiterate the conclusions of the General Assembly of the United Nations at the mid-term review of UN-PAAERD: "Structural adjustment programmes should be designed in such a way as to mitigate their adverse socio-economic efforts, ensure that the human dimension is integrated in them, further improve the well-being of the poor and disadvantaged in African societies, notably through redirecting social and developmental expenditures, and make short-term stabilization and adjustment measures compatible with and built into long-term structural transformation".

14. Bearing that fact in mind, we are convinced that on the whole we undertook commendable efforts to implement policy reforms and structural adjustment programmes and also to respond positively to some of the priority sectors of UN-PAAERD. Returns from the survey which ECA administered in our countries, and assessment by other sources do clearly demonstrate a greater will and a greater effort on our part to implement economic reforms.

15. We accorded high importance to UN-PAAERD's four sectoral priorities. Special emphasis was given to the food and agriculture sector. Greater resources were channelled to the agricultural sector to the extent that the target of allocating 20 to 25 per cent of public investment was achieved in many countries. Agricultural production has also been expanded through measures such as encouraging investment in agriculture by both the public and private sectors, increasing incentives to farmers including remunerative producer prices and measures to restore, protect and develop arable land etc.

16. Emphasis has also been placed on the development and rehabilitation of agro-related industries and production of factor inputs; the rehabilitation and development of transport and communication infrastructure; combating drought and desertification; improving educational and training facilities; increasing employment opportunities for women and rural youth; and encouraging popular participation in development in general.

17. The overwhelming majority of our countries implemented policy reforms along UN-PAAERD lines as well as Structural Adjustment Programmes, the latter often at great economic and social cost as well as political risks.

18. Within the framework of the improvement of the management of the economy, the majority of our countries pursued policies aimed at improving public management systems institutions and practices; improving the performance of public enterprises; reforming the public services to make them more development oriented; and improving financial management, fiscal administration and control of public expenditure.

19. Explicit or implicit national population policies were adopted by over three quarters of African countries. Efforts have been made to enhance the participation of the people in development, develop indigenous entrepreneurial capabilities, support grass-roots development initiatives and involve women more actively in development.

20. Indeed, significant change towards the democratization of political and economic life and consolidation of the democratic process, affecting no less than 30 of our countries, was underway towards the latter part of UN-PAAERD period. Arusha International Conference on Popular Participation in Development, the Charter of which was subsequently adopted by the ECA Conference of Ministers and the OAU Summit of Heads of State and Government and endorsed by the UN General Assembly, represents an important watershed in the emerging consensus emanating from within our continent on the need for a more effective process of popular participation in development and the democratization of economic and political life.

21. UN-PAAERD's policy reform measures demanding that "in the coming years short-term adjustment measures should give way to the medium-term and long-term structural transformation" were not always implemented as envisaged. Structural Adjustment Programmes were dominant throughout UN-PAAERD period and hardly any restructuring of the economy took place during that period.

22. We are convinced that these programmes were not sufficient for the attainment of the objectives of structural transformation and long-term development. Moreover, their human and social costs have been unpermissible and their presumed benefits have become more and more elusive. Indeed, some of SAPs instruments - such as repeated devaluation, across-the-board liberalization of the economy and high nominal interest rates - have actually undermined long-term growth prospects by fueling inflation, discouraging domestic production and diverting saving to speculative activities. These conclusions have furthermore been testified to by the conclusions of many independent studies and the findings of major international conferences such as the Abuja International Conference on the Challenge of Economic Recovery and Accelerated Development and the Khartoum International Conference on the Human Dimension of Africa's Economic Recovery and Development.

23. We also took actions to implement UN-PAAERD's priorities at the sub-regional and regional levels within the framework of our intergovernmental sub-regional and regional organizations and institutions. We wish to cite here, only by way of example, the collective actions we have taken towards the establishment of regional networks for crop protection and mechanisms for co-operation among national early warning systems, as well as towards the reduction of dependence on non-African experts. The Global Information and Early Warning System (GIEWS), in which over 30 countries participate and the establishment of the African Centre for Metrological Application for Development (ACMAD) are two examples, during UN-PAAERD period, of sub-regional co-operation.

24. We also made efforts to harmonize and rationalize the functioning of our sub-regional organizations with a view to avoiding unnecessary duplication, cutting on wastage and revitalizing them to act as effective vehicles for development and transformation.

25. Our efforts in establishing the African Economic Community, the treaty of which will be tabled for ratification at the Summit of our Heads of State and Government in June of this year, are a measure of our resolve to push ahead with the overriding objective of economic cooperation and integration, without which the future of our continent will be compromised.

2. Response of the International Community

26. Our commitment to "provide the necessary framework to launch long-term programmes for self-sustaining socio-economic and growth" is matched, in UN-PAAERD by the commitment of the international community "to assist Africa to achieve this objective". This commitment was spelt out in UN-PAAERD as follows: "The international community recognizes that the African countries need additional external resources. In this context, it commits itself to making every effort to provide sufficient resources to support and supplement the African development effort". It also agreed "on the importance of increasing official development assistance to Africa, its improved quality and effectiveness". "The international community also recognizes the magnitude of Africa's debt and the severe and restrictive burden which this has placed on many African countries. It realizes that measures have to be taken to alleviate this burden and to enable those countries to concentrate on the full implementation of the priorities". The international community "also realized that lasting solutions to the serious exogenous constraints, over which Africa has no

control, will have to be found since their persistence will impede the efforts of African countries", and that "the quality and modality of external assistance and co-operation will need to be improved".

27. A careful and reasoned evaluation of the response of the international community to UN-PAAERD can, regrettably, only lead us to conclude that the international community has not fully carried out its part of the compact.

28. Additional resource requirements, over and above net resource flow levels in 1986, for the implementation of the UN-PAAERD were estimated in the Programme at $9.1 billion a year over UN-PAAERD period.

29. Not only were these additional resource flows as expected in UN-PAAERD not forthcoming, but total net resource flows to Africa actually declined sharply in real terms during the Programme period from a level of $25.9 billion in 1986 to $22.6 billion in 1989. The year to year figures of total net resource flows were: 1985, $27.3 billion; 1986, $25.9 billion; 1987, $22.7 billion; 1988, $22.4 billion; 1989, $22.6 billion. Official Development assistance stagnated in real terms at around $16 billion during the same period, while private flows declined sharply.

30. We recognize that the multilateral institutions increased their support to Africa during UN-PAAERD through such programmes as the World Bank's Special Program of Assistance (SPA) and the IMF's Structural Adjustment Facility (SAF) and Enhanced Structural Adjustment Facility (ESAF). The World Bank's net flows to Africa amounted to $1.66 billion, over the UN-PAAERD, while the IMF's total direct financial commitment to Africa increased from SDR 1.5 billion in 1986 to SDR 2.8 billion in 1990.

31. This support had, however, serious limitations. Access to these resources is conditional upon the implementation of SAPs, a fact which leaves little choice for African countries but to accede to such conditionality. Secondly, conditionality requirements have also limited access to the funds. For example, only about a third of total resources available under SAF and ESAF had been disbursed by the IMF to date.

32. In spite of the growing seriousness of Africa's external debt, efforts by the international community to deal with the problem have not been adequate. Africa's debt has virtually become unmanageable. The continent's total external debt stock rose from $204 billion in 1986 to $272 billion in 1990. The ratio of Africa's debt to GDP increased from 54 per cent in 1986 to 109 per cent in 1990, while the ratio of debt to export earnings increased from 239 per cent in 1986 to 338 per cent in 1990. The ratio of actual debt service payments to exports was in excess of 30 per cent in 1990, while the ratio of scheduled debt service to GDP was in the same year, about 46 per cent.

33. Some initiatives have been taken by the international community to ease Africa's debt burden such as Toronto Summit and the welcome move by a number of OECD countries to forgive African debt. Appreciative as these initiatives are, they have been inadequate as they have failed to reduce the stock of debt in any meaningful manner. About $1.6 billion was forgiven during 1987-1989 by nine member states of the Organization of Economic Co-operation and Development. The impact of the debt forgiven on debt service has been very limited. Debt service payments were lowered by only $100 million.

34. The fact that these debt initiatives have been implemented within the framework of Paris Club has also had serious defects. The scale of relief is extremely limited; countries have had to

repeatedly reschedule debt; repeated reschedulings have become time consuming and sapping to the energy and limited human resources of our countries; rescheduling terms have not been adapted to the debtor's capacity to pay and the excessive duration of the rescheduling process. Furthermore, Paris Club practices pose two serious problems: First, these practices do actually contribute to exacerbating Africa's long-term debt problem by increasing the stock of nonconcessional debt. Secondly, the conditionality of linking eligibility of debt relief to the adherence to IMF/World Bank Structural Adjustment Programmes pressurizes countries to accept SAPs on the one hand and also excludes those countries which are not implementing SAPs from obtaining debt relief on the other hand.

35. Africa's debt problem has been further complicated by the growing seriousness of multilateral debt. The service on multilateral debt represents almost a quarter of Africa's total debt and has been so large as to substantially depress net financial transfers from multilateral institutions in the case of the World Bank, (where annual net transfers after debt service, amounted to $0.98 billion against $1.66 billion net flows) and turn these negative in the case of the IMF, (where African countries transferred back to the IMF an average of $600 million annually during UN-PAAERD period). Indeed, 11 African countries were over six months in arrears to the IMF and 8 to the World Bank at the end of 1990.

36. The regulations of the multilateral institutions do not allow this debt to be rescheduled or written off. Refinancing arrangements have been inadequate and recent initiatives, such as the IMF's "rights" approach to help refinance the debt owed to it by Africa, will not solve the problem.

37. UN-PAAERD recognized that there is a need for the international community:

"(i) To evolve and implement policies conducive to sustained, equitable and non-inflationary growth, including the expansion of trade through, inter alia, the elimination of protectionism, particularly non-tariff barriers, in accordance with existing commitments, the adoption of measures which encourage African exports and diversification programmes, and improved market access, especially for tropical products, within the framework of the General Agreement on Tariffs and Trade;

(ii) To deal urgently with commodity issues, taking into account the special interest of the African countries, in the framework of an overall approach, embracing commodity agreements/arrangements, adequate compensatory financing, and also to increase the capacity of African countries to process, market, distribute and transport their exports, and in this context to stress the importance of sufficient ratifications of the agreement on the Common Fund for Commodities, for it quickly to become operational".

38. Regrettably, these commitments remained largely unfulfilled during UN-PAAERD period and the international environment has generally been unfavourable to Africa.

39. Although trade grew faster and rates of growth of the developed market economy countries picked up during UN-PAAERD period, the export performance of our continent remained weak. This is mainly explained by falling commodity prices, the total collapse of coffee and cocoa prices and the continued supply overhang in commodity markets. Indeed, as we managed to expand the volume of our exports in expectation of higher export earnings, we only faced the opposite situation and also an adverse movement in Africa's terms of trade and purchasing power of exports indices. While the quantum index of our exports increased by about 6 percentage points (during 1986-1989 compared to 1981-1985), the unit value index dropped 26 points. At the same time, although our imports index fell by 4 percentage points, the unit value index of our

imports rose by 11 percentage points. These movements caused further deterioration in Africa's terms of trade by one third during UN-PAAERD period. The purchasing power of our exports fell sharply to 52.5 per cent during 1986-1989, compared to 75.7 per cent in 1981-1985.

40. Support given to our countries to diversify within and outside the commodity sector was limited. It is also worthwhile to note that neither the World Bank nor the International Finance Corporation had a single African country among its top five recipients of export-oriented diversification lending in the 1980s.

41. International co-operation on commodity issues actually became weaker during UN-PAAERD period. No new price stabilization measures were introduced, and, indeed, the existing international agreements on coffee and cocoa have become inoperative.

42. Measures to provide "adequate compensatory financing" to African countries as called for by UN-PAAERD have been grossly insufficient. The extension of the scope of the IMF's Compensatory Financing Facility (CFF) in August 1988 to include a contingency mechanism has actually reduced our ability to make effective use of it because of the problems of over conditionality and eligibility. The call of the General Assembly at the Mid-Term Review for the participation of all industrialized countries in a globalized arrangement similar to STABEX/SYSMIN to compensate for shortfalls in export earnings of African countries has not received support.

43. UN-PAAERD's call for a speedy ratification of the Common Fund for Commodities has not been received with enthusiasm. There is, in fact, a growing preference for free market operations and a growing perception that declining consumption represents long-term shifts in demand induced by technological change and substitution of new synthetic materials for traditional exports.

44. Protectionism has not abated during the second half of the 1980s in the industrialized countries, while pressure was being put on Africa to liberalize its import regimes. On the other hand, we recognize, with satisfaction, that the signing of Lome IV Convention in 1989 allowed improved access to EC markets for veal beef and another 40 ACP products and that the access for fruit and vegetables to the European market has been improved.

45. We are particularly concerned about the defects of technical assistance, which currently accounts for 25 per cent of net ODA disbursements.

46. We are aware that during the UN- PAAERD period a number of initiatives were introduced to deal with the problems of technical assistance. These included National Technical Co-operation Assessment Programmes (NATCAP) of UNDP, and attempts to improve on the functioning of Round Table (RT) and Consultative Group (CG) meetings and the Special programme of Assistance (SPA) of the World Bank.

47. In spite of these initiatives, our concern over the effectiveness of technical assistance is growing. Such concerns include, inter-alia, the conditionality attached to technical assistance, insufficient impact on building a lasting capacity of national institution; the lack of effective involvement of the recipient countries in the determination of technical assistance programmes; the extremely high cost of technical co-operation; difficulty in assigning of counterpart staff, training efforts do not always address the priority needs of African countries; lack of use of local expertise and equipment in project implementation and training; and the use of inexperienced foreign experts to implement technical assistance programmes.

48. These results can only lead us to conclude that our own efforts and sacrifices have not been matched by an equal effort on the part of our partners and that their response to UN-PAAERD has disappointingly not been in line with their commitments in UN-PAAERD.

49. Without an improvement in the external environment and adequate external resources, Africa cannot be expected to grow or develop. The external environment remained unfavourable during UN-PAAERD period. Furthermore, as a result of debt repayments and losses in export earnings Africa was actually a net exporter of financial resources to the rest of the world. Taking into account interest and dividend payments, financial transfers to Africa declined in real terms from $13.0 billion in 1986 to $8.7 billion in 1989. Taking into account the impact of the decline in terms of trade net financial transfers would turn negative.

50. We recognize that the response of the UN system to the implementation of UN-PAAERD has, on the whole been positive. The share of Africa in overall global assistance by the UN system rose from about 40 per cent in 1986 to over 50 per cent in 1990, i.e. from $1.1 billion in 1986 to $1.5 billion in 1990. In a number of instances this increase was as a direct result of UN-PAAERD. In other cases, UN-PAAERD helped to strengthen existing mandates and to focus attention on the critical economic situation in Africa and the need to initiate additional activities to deal with it. The share of UN-PAAERD priority sectors in these resources was high. Support was also given to priorities and institutions at the sub-regional and regional levels. It is also clear that preference was in favour of national programmes. We appreciate the efforts made by the Secretary-General of the UN to sensitise the international community to the major areas of concern of UN-PAAERD and his convening of the high level Expert Groups on Financial Flows to Africa and Africa's Commodity Problems. Co-operation among organizations of the UN system as regards global co-ordination, monitoring and reporting on the implementation of UN-PAAERD and the awareness-building and information dissemination activities are also appreciated.

51. Some efforts were made to improve the quality and modality of assistance and co-operation and support policy reforms. Much more, however remains to be done in these areas and the emerging consensus on appropriate developmental approaches needs to be translated into operational reality reflecting Africa's own strategies as enunciated in Africa's Alternative Framework to Structural Adjustment Programme for Socio-Economic Recovery and Development (AAF-SAP).

52. We appreciate the contributions which African and non-African NGOs made in relation to the implementation of UN-PAAERD, particularly the growing magnitude of financial flows from NGO sources, education and advocacy work in the industrialized countries to seek more responsive action by Africa's multilateral and bilateral partners to meet Africa's development needs and also in support of Africa's own development policies and approaches, and the organization of various conferences and the dissemination of information to support and renew the implementation of UN-PAAERD.

III. IMPACT OF UN-PAAERD ON THE AFRICAN ECONOMY

53. We are of the view that UN-PAAERD has had very little positive impact on the performance of the African economy. Economic performance during the period 1986-1990 was not satisfactory. The rate of growth of the Gross Domestic Product (GDP) averaged only 2.3 per cent per annum during the period, well below the average rate of population growth at 3.1 per cent. The annual rates of growth of the GDP were erratic from one year to another. From a level of 5.8 per cent in 1985, growth rates fell to 2.6 per cent and 0.7 per cent in 1986 and 1987

respectively, increased to 2.1 per cent in 1988 and 3.3 per cent in 1989 and fell back to 2.6 per cent in 1990.

54. Thus, growth during the second half of 1980s depicted retrogression, and not progress, in the standards of living of our people. The GDP per capita decreased annually at an average rate of 0.7 per cent during 1986-1990. Gross domestic investment as a percentage of the GDP remained low, and actually declined from about 23.5 per cent in 1980 and 19.2 per cent in 1986 to 17.6 per cent in 1989. Gross domestic savings stagnated around 16 per cent during UN-PAAERD period, compared to a level of above 24 per cent in 1980.

55. A number of reasons were responsible for this poor performance. Paramount among these is the fact that the structure of our economies hardly changed during the period, causing production, productivity, savings, investment and capital formation to remain at depressed levels.

56. Added to that, a number of internal and external constraints combined to aggravate the situation.

57. Important among the internal factors was the weather which determined, to a great extent, the contribution of the agricultural sector to growth either directly or indirectly through the impact on manufacturing. The fact that many parts of our continent were subject to internal and cross-boarder conflicts was an added cause for poor performance.

58. The internal factors aside, it was the external constraints which were largely responsible for the aggravation of the situation. Our efforts to undertake economic reform measures were seriously undermined, as indicated in the preceding section, by an adverse external environment; declining export earnings; a crippling debt and debt-servicing problem; and inadequate resource flows. These interlinked problems depleted scarce resources and, caused a situation of reverse flows of resources out of Africa to the rest of the world. Under these circumstances, it is difficult to see how our economies could have grown and prospered.

59. Economic performance in the Southern African sub-region was also severely affected by the acts of destabilization by the Republic of South Africa. These acts cost the Southern African countries over $60 billion between 1980 and 1989. The SADCC countries losses in 1980-1988 period came to more than twice the total output of goods and services of these countries during 1988. In fact, destabilization was the principal cause of economic setbacks for the sub-region to the extent that in 1988, for example, the output of the sub-region would have been over 40 per cent higher in the absence of a hostile South Africa.

60. UN-PAAERD itself had little impact on economic performance during the programme period. Positive effects derived from the implementation of economic reform measures were, more than, offset by the negative effect of internal and external constraints and the shortfall in meeting the commitments by the international community in the Programme.

61. Indeed, as UN-PAAERD was being propagated, over two thirds of our countries were actually implementing Structural Adjustment Programmes (SAPs) supported by the World Bank and IMF. The manner in which these Programmes were conceived and implemented, often had the result of hampering the achievement of some objectives of the Programme. The removal of agricultural subsidies and the liberalization of imports was, for example, in many instances harmful to increased production in agriculture and manufacturing. Large-scale and repeated devaluation also helped to fuel inflation, and excessively high nominal interest rates encouraged speculative activities rather than productive investment.

62. Improvement in the human and social conditions, which is the final goal and the raison d'etre for improved economic performance, were nowhere in sight during UN-PAAERD period. Indeed, there was a marked deterioration in those conditions. The incidence of poverty, unemployment and underemployment increased. Expenditure cuts as a result of SAPs contributed to the deterioration in health and educational services; making access more difficult to education, health and other social services; lowered ratios of enrollment in educational institutions; and left our universities and research centres hollow shells of what they used to be. Devaluations, wage and salary freezes and reduction caused sharp falls in real income with serious concomitant consequences for productivity, motivation and accountability. The brain drain among our most talented and competent high level manpower has largely been due to the drastic fall in real earnings and the crumbled down scientific infrastructure.

63. As we talk about a new generation of SAPs, we wish to point out, as has been affirmed in General Assembly resolutions 45/194, that the human dimension and long-term structural transformation requirements are yet to be imperatively integrated within such programmes.

64. All told, the economic and social conditions in Africa during 1986-1990 can only depict a picture of a continuing socio-economic crisis, a situation which calls for the need to deal with the underlying root causes thereof in a decisive and fundamental manner.

IV. CONCLUSIONS

65. The foregoing analysis can only lead us to conclude that novel as it was, UN-PAAERD did not fulfill the expected results.

66. A number of reasons, as we have shown above, have been responsible for this outcome.

1. Important and unique as it is, UN-PAAERD had not been the focal point for rallying international action in support of Africa. In spite of the global consensus and coalition that UN-PAAERD represented, parallel efforts and initiatives continued to be undertaken during the period. As UN-PAAERD was ushered in, the World Bank's and IMF's-supported Structural Adjustment Programmes continued to be implemented. Indeed, these programmes very often impeded the implementation of UN-PAAERD.

2. While our countries honoured their commitment and continued to implement policy reforms and structural adjustment programmes, often at tremendous social and economic costs, the international support that was envisaged within the framework of UN-PAAERD was, disappointingly, lacking and well below expectations. Instead of receiving $9.1 billion additionally on an annual basis over and above 1986 net resource flow levels, these flows actually decline in real terms at the end of UN-PAAERD period. The international community was also unable to address the debt and commodity problems in the manner expected, to the extent that our countries became more indebted by the end of the Programme period than before and also earned less from an increased volume of exports. Little improvement, if any, was made in the modalities of technical assistance.

3. The malaise of the African economy, and indeed the root cause of its underdevelopment, lie in the lack of structural transformation, and the structures of the African economy hardly changed during UN-PAAERD period.

4. Although internal constraints played a role in intensifying the causes for the lack of improvement of socio-economic performance, it was the external constraints and the unfavourable international economic environment which constituted the main obstacle to recovery and development.

V. A NEW KIND OF INTERNATIONAL AGENDA FOR CO-OPERATION WITH AFRICA

67. Following from the foregoing conclusions, we can only surmise that our continent has no alternative but to pursue, urgently and persistently, economic reform measures that would lead to a process of sustained and sustainable growth and development.

68. Such a process cannot be set in motion through the implementation of orthodox Structural Adjustment Programmes. That is not only our conclusion, but also the verdict of the UN General Assembly when it concluded:

> "The implementation of structural adjustment programmes has given rise to general concerns, such as human, social and political consequences, as well as long term financing needs for Africa's economic recovery and development efforts. ... Structural adjustment programmes should be designed in such a way as to mitigate their adverse socio-economic effects, ensure that the human dimension is integrated in them, further improve the well being of the poor and disadvantaged in African societies, notably through redirecting social and developmental expenditure, and making short-term structural adjustment measures compatible with and built into long-term structural transformation."

Indeed, the General Assembly challenged us by urging that:

> "African countries should increase their efforts in the search for a viable conceptual and practical framework for economic structural adjustment programmes in keeping with the long-term development objectives and strategies at the national, sub-regional and regional levels."

69. We met that challenge by elaborating the African Alternative Framework to Structural Adjustment Programme for Socio Economic Recovery and Development (AAF-SAP), which charts the way forward to the achievement of sustained and sustainable growth and development.

70. Not only was AAF-SAP adopted by our Heads of State and Government, but it was also blessed by the UN General Assembly which commended it as a framework for negotiation with Africa's bilateral and multilateral partners. We, therefore, call on our partners to take account of these decisions in all negotiations.

71. We are convinced that growth and development on a sustained and sustainable basis can only unfold through the popular enthusiasm of the people and their full participation in the process of development. We are, therefore, determined to press ahead with the democratization of development and the full implementation of African Charter for Popular Participation in Development and Transformation and the declaration of our Heads of State and Government at their 1990 Summit on the political and socio-economic situation in Africa and the fundamental changes taking place in the world.

72. But this determination to pursue vigorously the transformation of our economy and society, is not likely to succeed if the international economic environment continues to remain hostile and if the interlinked problems of debt commodities and resource flows are not fundamentally solved.

73. On the basis of the foregoing considerations emanating from are based on our objective evaluation of the implementation of UN-PAAERD, we propose an initiative commensurate with the status and challenges confronting our continent at the dawn of the 1990s. Such an initiative shall take the form of a new AGENDA FOR COOPERATION between Africa and the international community that would focus on the set of problems without the solution of which Africa cannot be expected to progress and prosper.

74. This NEW AGENDA FOR CO-OPERATION would thus underwrite our continent's efforts towards the transformation of the structures of the economies to sustained growth and development.

75. On our part, above all, we will commit ourselves to this path and to the path towards democratization of the economy and society and the full participation of our people in development as enunciated in the African Charter for Popular Participation in Development and Transformation.

76. From the international community's side, this NEW AGENDA FOR COOPERATION would need to deal with the problems of bilateral and multilateral debt and commodities in a fundamental manner that would provide lasting solutions to these problems and embody commitments to support Africa's own approaches to development and transformation.

77. In the area of debt, major initiatives to cancel the bulk of Africa's bilateral ODA and export credits debt must be instituted. We are convinced, in this regard, that the solution to the debt problem is primarily a political, and not a technical one.

78. We call on the governments of the industrialized countries to actively participate in the solution of the problem of commercial debt with a view to effecting a substantial reduction of that debt and facilitating its repayment.

79. There is also a need to delink debt relief from the damaging conditionality of SAPs.

80. Bold solutions to the problem of multilateral debt must also be included. In addition to the re-financing facilities that are already existing with respect to multilateral debt, we, therefore, call for the amendment of the articles of the Bretton Woods institutions to permit a resolution of the problem.

81. In all, we call on the international community to take practical steps in the implementation of the African common position on Africa's External Debt Crisis, including particularly the International Conference of Africa's External Indebtedness.

82. Another area in which fundamental reforms are required concerns the African commodities sector. Our common position on the FRASER's report is pertinent in this respect. Our development strategy cannot be tied to the commodities sector largely because the control of this sector rests with the international community. As it is, increasingly commodity output, given the adverse terms of trade against producers, is a poor development strategy. Larger output is not likely to lead to greater revenue. Therefore, a concerted programme of diversification of Africa's economies is called for. Not only will this improve our technological position, it will also reduce

our dependence on a few commodities as the mainstay of our economies. The international community will, therefore, need to support this effort.

83. The effective transformation of our economies would not be possible without effective regional and sub-regional economic cooperation and integration. As we resolve to pursue this objective with vigour, the international community is called upon to support it in earnest.

84. We are also convinced that South-South Co-operation is an indispensable element for the success of the NEW AGENDA FOR CO-OPERATION.

85. It is this kind of NEW AGENDA FOR CO-OPERATION that needs to be forged in the aftermath of UN-PAAERD, where concrete actions in critical areas of mutual concern will be specifically implemented and monitored within the framework of the NEW AGENDA.

86. To oversee the monitoring of and reporting on the implementation of the NEW AGENDA, there is a need for a high-level monitoring committee to be instituted. We wish, therefore, to propose that a 20-person machinery should be established comprised of representatives of the ECA Conference of Ministers and the DAC of OECD in equal numbers (seven each) plus a group of eminent persons from Africa and the international community, appointed in their personal capacity by the General Assembly on the recommendation of the ECA Conference of Ministers. They should not be more than 6 in number.

87. Reports on the implementation of this NEW AGENDA FOR CO-OPERATION can be prepared and submitted annually to the General Assembly through the ECA Conference of Ministers and ECOSOC.

88. The UN Inter-Agency Task Force, which has done an excellent job on the monitoring of and reporting on the implementation of UN-PAAERD, should act as the secretariat of this body.

89. The UN and NGOs have an important role to play in the implementation of the NEW AGENDA and extra efforts need to be made by them to provide support within this framework. Much needs to be done by the UN system in terms of co-ordination of approaches and operational modalities; increased mobilization of resources; assistance in improving the external environment and dealing effectively with the debt problem; easing conditionalities; offering assistance at more concessional terms and finding a solution to the multilateral debt; and the effective and efficient delivery of technical co-operation programmes.

I. HISTORICAL BACKGROUND

1. The proposed third African Population Conference follows the two regional conferences on population that were held in 1971 and 1982 in Accra and Arusha, respectively.

2. The first African Population Conference was organized at a time when African Governments still regarded population factors as exogenous rather than endogenous to the development process. The objectives of the Conference were to (a) bring about awareness of problems and opportunities of the African demographic situation; and (b) prepare governments and people for the task of tackling development problems in the region.

3. That conference was attended by about 400 experts (including representatives from 32 ECA member States), who deliberated on several main themes about African population, namely:

(a) Population situation, trends and prospects;

(b) Demographic data collection/analysis, training and research;

(c) Application of demography for socio-economic development by sector of population;

(d) Country case studies on population-development interrelationships;

(e) Population policy and programmes; and

(f) Special sessions on methods of population projections, evaluation of techniques of family planning, methods of analysis of defective data, calculation methods of manpower statistics and data processing.

4. It then became clear that the region was coming to grips with some of its pressing population problems. Substantially, the Conference highlighted the close interrelationships between population trends and socio-economic development efforts in the region; and underscored the need for training personnel at the national level for the collection of basic demographic data, their analysis and the utilization of the findings in the planning process.

5. The second African Population Conference was organized from 9 to 13 January 1984 by ECA in cooperation with the Government of the United Republic of Tanzania and the United Nations Population Fund (UNFPA) as part of the African regional preparations for the International Conference on Population (ICP) held in Mexico City in August 1984. It was attended by representatives from 44 ECA member States as well as observers from several United Nations specialized agencies, intergovernmental and non-governmental organizations.

6. That Conference reviewed the conclusions and recommendations of the first Conference and hence deliberated on:

(a) The regional demographic situation and its future trends;

(b) Population and development interrelationships;

(c) Population and space;

(d) Strategies/schemes in family health, welfare and family planning;

(e) Changing role of women in the development process;

(f) Technical cooperation/financial assistance; and

(g) Progress on preparations for the International Conference on Population.

Country statements were also presented. The Conference culminated in the adoption of the Kilimanjaro Programme of Action on Population (KPA).

8. The convening of the third African Population Conference is scheduled to take place at a time when considerable progress has been made within the region in the areas of data collection, analysis and utilization in the design of development plans and policies. ECA member States are increasingly preoccupied with the implementation of the KPA recommendations as an integral part of their overall development strategies.

8. The convening of the Conference will constitute an important part to the International Conference on Population and Development in 1994, as was done in the past and as was agreed upon at the first session of the Preparatory Committee of the International Conference, convened in New York, between 4 and 8 March 1991.

9. The Preparatory Committee to the 1994 International Population Conference has invited the regional commissions to convene, as soon as possible, regional meetings or conferences to review the experience gained in population policies and programmes in their regions, taking into account relationships between such policies and programmes and development issues, and propose future action, as part of the contribution to the preparatory activities for the Conference. It decided also that the 1994 Conference will be preceded by the convening of six expert group meetings to be financed by the respective governments that have agreed to host the meetings. These meetings will deal respectively with:

(a) Population policies and programmes;

(b) Population, development and environment;

(c) Changes in population distribution;

(d) Role and status of women and population dynamics;

(e) Family planning, health and family well-being.

10. The Preparatory Committee of the 1994 Conference has suggested the following global theme: "Population, sustained economic growth and sustainable development". Bearing in mind the fact that the theme in 1984 in Arusha was "population and self-reliant development", the ECA Population Division is preparing suggestions for consideration by a preparatory committee to be established for the third African Population Conference.

11. The ECA Conference of Ministers may wish to note the latest information regarding the preparatory work for the African Population Conference and give the secretariat, if deemed necessary, directives and suggestions for the continuation of the preparations for this important meeting.

II. ORGANIZATION OF THE CONFERENCE

A. Theme and draft agenda

12. It is proposed to establish, with immediate effect, a preparatory committee for the African Population Conference, entrusted with the mandate, among others, to propose a theme and a draft agenda for the

Conference. Unlike the case of past conferences, it is found that more African expertise exists now among the African regional institutions, which can be mobilized for the preparatory work. The ECA Executive Secretary, indeed, entered into informal consultations with UNFPA and other African institutions with a view to formally establishing this preparatory committee.

13. It is suggested that the preparatory committee consist of one representative from each of the following institutions: UNFPA, the Institut de formation et de recherche démographiques (IFORD), the Regional Institute for Population Studies (RIPS), the Centre d'études et de recherche en population et développement (CERPOD), the Union for African Population Studies (UAPS), the Organization of African Unity (OAU) and the African Development Bank (ADB). One representative from the United Nations Population Division (New York) will be invited to attend in order to ensure liaison with the preparations of the 1994 Conference. UNFPA indicated its readiness to cooperate in organizing the third African Population Conference. One major reason for suggesting such composition for the preparatory committee is to reduce costs in mobilizing expertise.

14. The first meeting of the preparatory committee will deal with the selection of the theme of the Conference, the draft agenda, the list of the papers to be written, the list of consultants to be hired and the calendar of the preparatory work. UNFPA strongly suggested to convene this meeting in Dakar, Senegal, in order to facilitate the discussions with the country hosting the Conference.

15. The second meeting could be held at ECA headquarters, on the occasion of the seventh session of the Joint Conference of African Planners, Statisticians and Demographers, in the first quarter of 1992. It will give the opportunity to the preparatory committee to review the draft papers and make suggestions on the preparations for the Conference and on its outcome, in relation to the International Conference.

B. Date and timetable

16. The Secretary General of the 1994 Conference (the UNFPA Executive Director) has advised that the outcome of the regional consultations be duly taken into consideration by and serve as inputs to the Conference, like the reports of the expert group meetings. Therefore, it is imperative that the Conference be convened in 1992, probably in the last quarter but not later, to allow the submission of its report to all concerned bodies.

17. It is proposed to convene the Conference at the Ministerial level. Depending on the agreed agenda, the Conference may have to need six working days in order to complete its business. The draft report will be discussed and adopted, in plenary, by the Ministers, after a general debate. The meeting of the Ministers will be preceded by a meeting of an expert committee of the whole. These may wish to set up two or three working groups, depending on the topics being reviewed. All debates will be public, unless otherwise decided by the Conference.

18. The date of the Conference will be fixed by the secretariat in consultation with the host country and UNFPA.

C. Documentation

1. Country documents

19. Governments will be invited, as in Arusha, to prepare statements on national experiences in population-related areas. The format and presentation of these statements will be agreed upon by the preparatory committee.

2. Working papers

20. These will serve as the main documents for consideration by the Technical Committee of the Whole and by the Ministers (in 1992). They will be prepared by the secretariat, members of the preparatory committee and by consultants.

3. Background papers

21. These will cover analytical data and other material relevant to the agenda of the Conference, but not tabled for discussion. Observers may be allowed and/or requested to submit such papers.

4. Information material, exhibits, demonstrations, etc.

22. Depending on the resources available and the participation of the media, various information materials (e.g., press kits, posters, data base demonstrations, audio and video plays) may be organized at the site of the Conference. Adequate media coverage will have to be provided and its financial support addressed.

D. Secretariat support

23. The ECA secretariat will be responsible for the organization and servicing of the Conference and the preparatory work. It will issue the invitations to member States and observers according to ECOSOC rules and procedures. It will finalize the report of the Conference, including resolutions and other instruments. It will require strengthening its capacity and securing assistance from the host country, should the Conference be held outside ECA headquarters.

E. Budget

24. The annex to this note contains a draft budget showing expected expenses to be met by the secretariat in conducting its business from this date until the finalization of the report and proceedings of the Conference.

25. Financial matters related to the International Population Conference were discussed at the Preparatory Committee. The question of funding of regional consultations was taken up by some delegations. However, the overall costing of the 1994 International Conference does not include the cost of regional consultations. Furthermore, after informal consultations with UNFPA, it appeared that this time the Fund was not able to commit itself to support the African Population Conference or to receive a project document for consideration. It was suggested that the budget for this Conference be prepared and submitted to ECOSOC for further consideration and guidance. As the preparatory work cannot, at this stage, be postponed, given the short time between now and the presumed date of the Conference, it was also suggested that some regular budget resources be given to support the travel of the members of the secretariat to service the sessions of the preparatory committee.

III. CONCLUSION

26. The Conference of Ministers may wish to consider the above proposals and give directions and forward the Conference budget to ECOSOC for its consideration and advice on funding sources.

Annex

THIRD AFRICAN POPULATION CONFERENCE

COST PLAN

		Honorarium	Fare	DSA	Total
11.01	Consultants				
	6 consultants	30 000	9 000	5 550	44 550
	1 staff member from New York	-	2 100	800	2 900
					47 450
11.02	Administrative support personnel				
	6 interpreters (2E, 2F, 2A)	9 015	4 800	5 550	19 365
	ECA secretariat				
	Executive Secretary		3 112	1 545	4 657
	Personal Assistant to Executive Secretary		1 515	1 188	2 703
	Director, Population Division		1 515	1 188	2 703
	4 Regional Advisers		3 030	2 376	5 406
	2 Professional staff, Population Division		6 060	4 752	10 812
	Administrative Assistant		1 515	1 188	2 703
	Chief, Conference Services Section		1 515	1 188	2 703
	2 Translators		7 575	5 940	13 515
	4 French secretaries		6 060	4 752	10 812
	2 English secretaries		3 030	2 376	5 406
	2 Arabic secretaries		3 030	2 376	5 406
	1 Information Officer		1 515	1 188	2 703
	1 Embassy staff		1 515	1 188	2 703
					72 232
52.00	Report and printing costs (including transportation of documents)				25 000
53.00	Sundry (stationery)				5 000
	Inflation (10 per cent)				16 905
	GRAND TOTAL				185 952

BUDGET FOR THE PREPARATORY COMMITTEE

To be held in Dakar (May 1991)

	Fare	DSA	Total
Chief, Population Division	1 516	660	2 176
Coordinator	1 516	660	2 176
			4 352
1 staff member from Conference Services Section	1 516	528	2 044
			6 396

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Addis Ababa, Ethiopia
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ECONOMIC COMMISSION FOR AFRICA

Twenty sixth session of the Commission/ seventeenth meeting of the Conference of Ministers

Addis-Ababa, Ethiopia
9-13 May 1991

PROGRESS REPORT ON THE FOLLOW-UP ON AAF-SAP

M91-437

INTRODUCTION

1. During the sixteenth meeting of the ECA Conference of Ministers held in Tripoli, Libyan Arab Jamahiriya from 15 May to 19 May 1990, an extensive progress report on the follow-up on AAF-SAP was presented.[1] That report covered the period from 10 April 1989 to 24 February 1990, and described a number of activities that had been undertaken to operationalize AAF-SAP subsequent to its adoption on April 1989. These activities broadly involved the following:

(a) Submission of AAF-SAP to all relevant fora and workshops;

(b) Consultations with financial agencies, donors and NGOs on AAF-SAP; and

(c) Operationalization of AAF-SAP at the country and subregional levels.

2. Most of the above activities on AAF-SAP have been continued in the ensuing period, which covers 1 March 1990 to 28 February 1991. The highlights covered in the present report include: (a) the operationalization of AAF-SAP, (b) popularisation of the Alternative and (c) efforts at consensus building on AAF-SAP, especially at the international level.

I. OPERATIONALIZATION OF AAF-SAP

3. Despite the exposure given to AAF-SAP in the meetings, conferences and publications of ECA, the concept is still new in the minds of many African decision-makers, and is still in the process of achieving major changes in the policies of many Governments and funding institutions. Consolidation of existing advances has thus been a major priority. In line with the strategy followed since the adoption of AAF-SAP, the ECA Secretariat has pursued a two-pronged approach, involving in-depth studies on the one hand and direct assistance to countries and subregional organisations on the other. The basic elements in each of these approaches are outlined below.

A. In-depth studies

4. The ECA secretariat has made some revisions in the three selected instruments that it introduced in 1990. As they are presently being analyzed, the instruments are as follows:

(a) Multiple Exchange Rate Systems (MERS);

(b) Differential Interest Rates Policy and Selective Credit Controls (DIRP and SCC); and

(c) Price Support Policies for Food Self-sufficiency in Africa (PSP).

5. Extensive consultations have been undertaken on the drafts. In 1990, these included submissions made to the Joint Meeting of African Economists and African Planners, to the eleventh meeting of the Technical Preparatory Committee of the Whole (TEPCOW) of the ECA Conference of Ministers, and to a special subcommittee of TEPCOW.

6. Other workshops, intergovernmental meetings, and institutions, including the World Bank and the International Monetary Fund, were consulted during the past

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[1] This report bears the symbol number E/ECA/CM.16/7.

year. In Central Africa a one-week workshop was held in Yaounde, Cameroon from 1-8 February 1991 on UNPAAERD, AAF-SAP and the African Charter for Popular Participation. The meeting was attended by the representatives of 10 member states of the subregion (covering the Yaounde and Gisenyi-based MULPOCs) as well as NGOs in the subregion. A similar workshop was held for the Eastern and Southern African subregion in Lusaka, Zambia, 25 February to 1 March 1991 on the same themes. At both workshops the selected policy instruments of AAF-SAP were discussed at length and comments of member states were taken into account in the final version of the policy instrument study.

7. That version is now ready, and should be published and launched by the middle of 1991 under the title of Selected Policy Instruments.

8. In addition to the in-depth study of selected policy instruments, the ECA secretariat has continued to work on AAF-SAP models. One such model is scheduled to be tested in the near future under specific country conditions in Central Africa.

B. Assistance to countries and subregion

9. The secretariat has continued to assist African countries interested in the operationalization of AAF-SAP. During the period under review, two requests were made for such assistance. In one case, assistance was requested for ECA's involvement in a workshop on structural adjustment policies in the country. A four-person team serviced the workshop. Special attention was paid to the policies of exchange rates, agricultural pricing, public sector reform and privatization. In reviewing the exercise, the secretariat believes that such national workshops on AAF-SAP should be encouraged in African countries, as they are a critical step in involving the people in the process of the design of programmes of adjustment with transformation. However, it was also felt that countries needed to follow up the workshops with policy and project analysis in which the ECA secretariat is the called part of the process.

10. In the second case, a request was made for assistance during negotiations on an adjustment programme with the World Bank. This was the first time that an African country had associated the Economic Commission directly in the negotiations with the Bretton Woods institutions. The association proved useful to all parties. The secretariat observes that the usefulness of associating ECA in the negotiations is greatly increased the earlier it comes in the process of designing the programme.

11. To strengthen the capacity of the ECA secretariat in assisting African countries to operationalize AAF-SAP, [illegible] has been set up in ECA which deals with such issues as reform of structural adjustment programmes to member states. The team is composed of selected, experienced professionals in the area of policy analysis, design and programme implementation. This ECA Multidisciplinary Advisory Group (ECA-MEAG) is described in more detail in document E/ECA/CM.17/28, entitled "ECA Advisory Services: The Challenge of the 1990's". Member states are urged to avail themselves of the advisory services of this team.

12. The ECA secretariat has also made preliminary contacts with the UDEAC secretariat, which is considering the development of studies on possible subregional adjustment programmes. The matter has been discussed at a subregional seminar on UNPAAERD held in Yaounde, Cameroon 1-8 February 1991. The conclusion has been that such subregional adjustment programmes have to be carefully examined before their implementation. The ECA secretariat has indicated its readiness to mount a mission to UDEAC headquarters to see how best to deal with the issue.

Conference was preceded by a preparatory workshop in April 1990 in the Hague, which involved prominent Africans, ECA, ADB, the World Bank, UNDP, UNICEF and the EEC. The preparatory workshop contributed to an "Issues Paper" that was eventually the focus of discussion at the Conference.

21. While the Conference did contribute to the process of consensus building, it should also be acknowledged that there are a number of areas on which consensus has yet to be reached. Indeed, the position of ECA at the Conference was that "the frontiers of consensus must be extended".

22. In summary, therefore, it must be observed that work on the promotion of AAF-SAP has been steadily progressing, but that much still needs to be done, particularly in the area of support mobilization at the popular level.

23. The views of the Conference on this status report, and its guidance on future directions for the secretariat, are invited.